

DAILY REPORT

China

Vol I No 021

31 January 1986

PRC INTERNATIONAL AFFAIRS

GENERAL

International Defense Exhibit Opens in Beijing	A	1
Zhao Ziyang Meets Peruvian, Congolese Envoys	A	1
Soviet, Italian Communist Leaders Hold Talks	A	1
GATT Begins Preparations For World Trade Talks	A	2
U.S., USSR, Japan Sign Air Safety Accord	A	2

UNITED STATES

Clothing Company Opens Office in Shanghai	B	1
Defense Department Gives Top Priority to SDI	B	1
Shultz Voices Support for Nicaraguan Contras	B	1
Clues Sought in Challenger Explosion	B	2

SOVIET UNION

PRAVDA Promises 'Appropriate Response' to SDI	C	1
USSR, Cuba Reaffirm Support for Angola	C	1

NORTHEAST ASIA

GUOJI SHANGBAO Discusses Sino-Japanese Trade [13 Jan]	D	1
-------------------------------------------------------	---	---

SOUTHEAST ASIA & PACIFIC

Beijing Lao Comments on Indochinese Conference	E	1
Thai Minister Doubts Change	E	2
Sihanouk Pays Tribute to Guangdong's Achievements	E	2
Returns to Beijing	E	2
Everbright's Hong Kong Projects Discussed	E	3

WESTERN EUROPE

EC Bans Arms Sale to Nations Linked to Terrorism	G	1
Thatcher Not Unscathed by Westland 'Storm'	G	1

EASTERN EUROPE

Barter Trade Payments Protocol With CSSR Signed	H	1
Friendship Association Fetes CSSR Official	H	1
Polish Foreign Minister on Ties With U.S., PRC	H	1

MIDDLE EAST & AFRICA

UN Representative Censures Israel for Desecration	I 1
XINHUA Assesses European Trip by Israel's Peres	I 1

PRC NATIONAL AFFAIRS

PLA's He Qizong Discusses Reduction Work	K 1
Training of Demobilized Army Cadres Viewed	K 1
[LIAOWANG 13 Jan]	
Areas Open to Foreign Tourists Increased	K 3
Regulations Simplify Visitor Reception Procedures	K 4
State Council Issues Circular on Grain Quota	K 5
Import Taxation Regulations Explained	K 7
Special Economic Zone Patterns Reviewed	K 7
[JINGJI RIBAO 25 Jan]	
Government Bodies Outline Steps for 5-Year Plan	K 10
[LIAOWANG 13 Jan]	
Commentator Criticizes Illegal Land Sales	K 15
[NONGMIN RIBAO 16 Jan]	
Trade-Industry-Agriculture Policy Recapped	K 16
[SHIJIE JINGJI DAOBAO 13 Jan]	
Development of Horizontal Economic Ties Urged	K 17
[GUANGMING RIBAO 18 Jan]	
Yu Guangyuan Views Place of Cultural Development	K 18
[GUANGMING RIBAO 13 Jan]	
Hu Yaobang Commends Factory for Service	K 20
Zhao Ziyang Stresses Quality in Tourist Industry	K 21
Hu Qili, Hao Jianxiu Meet Rusticated Youth	K 22
Fang Yi on Training Traditional Pharmacists	K 23
Hu Qiaomu Attends Beijing Symphony Concert	K 23
[BEIJING RIBAO 19 Jan]	
Deng Liqun Attends Mass Concert in Beijing	K 24
Central Leaders Mourn Passing of Jurist	K 24
Hu Qiaomu Article Commemorates Hu Yuzhi	K 24
[RENMIN RIBAO 23 Jan]	
Science Academy Outlines Research Tasks	K 25
Science, Technology 'White Book' To Be Published	K 26

PRC REGIONAL AFFAIRS

EAST REGION

Anhui Governor Urges Study of Leaders' Speeches	O 1
Fujian's Xiang Nan at Military District Meeting	O 2
[FUJIAN RIBAO 17 Jan]	
Han Peixin Greets Jiangsu Writers Meeting	O 2
Jiangxi's Wan Shaofen Presents Scientific Awards	O 3
Wan Shaofen Attends Jiangxi Rural Work Meeting	O 3
Rui Xingwen Addresses Shanghai Rural Work Forum	O 4
Zhejiang's Wang Feng Addresses Study Meeting	O 4

CENTRAL-SOUTH REGION

Guangxi Circular on Examples in Correcting Style	P	1
Henan To Lighten Enterprises' Social Burden	P	2
Hubei's Guan Guangfu on Honghu Natural Resources	P	3

SOUTHWEST REGION

Guizhou Circular on Central Leaders' Speeches	Q	1
Sichuan Circular on Central Leaders' Speeches	Q	1
Sichuan Military District Corrects Malpractices	Q	2
Sichuan Leaders at Spring Festival Gathering	Q	2
Yunnan Leader on Rural Work Problems, Tasks	Q	3

NORTHWEST REGION

Gansu Letter on Stopping Spreading Malpractice	T	1
Yin Kesheng Inspects Qinghai Sports Facility	T	1
Shaanxi Secretary Answers Party Member's Letter	T	1
Shaanxi Reports Achievements in Birth Control	T	2

PRC MEDIA ON TAIWAN AFFAIRS

Indirect Taiwan Trade With PRC Increases	U	1
Xi Zhongxun at 'Taiwan Compatriots' Party	U	1

HONG KONG MEDIA ON CHINA

Journal Interviews Shenzhen's Zou Erkang [KUANG CHIAO CHING 16 Jan]	W	1
Ticket Scalpers Reported Rampant in Shanghai [WEN WEI PO 24 Jan]	W	4

INTERNATIONAL DEFENSE EXHIBIT OPENS IN BEIJING

OW281243 Beijing XINHUA in English 1118 GMT 28 Jan 86

[Text] Beijing, January 28 (XINHUA) -- More than 160 manufacturing firms from around the world are displaying defense equipment at an exhibition which opened here today. [Tokyo KYODO in English at 1035 GMT on 28 January in a similar report adds: "On display were aircraft, missiles arms control systems, battle tanks, troops trucks and firearms, most of them mock-ups"]

Participating companies include Boeing, Bell Helicopter, MBB, Siemens, Marconi, GEC, Aerospatiale, and Daussault. The firms represent Austria, Canada, Finland, France, the Federal Republic of Germany, Great Britain, Italy, Japan, the Netherlands, Poland, Singapore, Spain, Sweden, Switzerland, the United States and Hong Kong. In addition to the exhibition, seminars on some 40 subjects will be held.

The show, the first of its kind ever held in China, was organized by China Promotion Ltd. Co. of Hong Kong. Minister of Ordnance Industry Zou Jiahua cut the ribbon at the opening ceremony. Also present were Hong Xuezhong, director of the General Logistics Department of the Chinese People's Liberation Army; Jia Shi, chairman of the China Council for the Promotion of International Trade; and senior officials from the Ministries of Aviation Industry, Astronautics and other departments. The exhibition will close on February 2.

ZHAO ZIYANG MEETS PERUVIAN, CONGOLESE ENVOYS

OW281109 Beijing XINHUA in English 0914 GMT 28 Jan 86

[Text] Beijing, January 28 (XINHUA) -- Premier Zhao Ziyang met with Roberto Villaran Koechlin, new Peruvian ambassador to China, and Jean Claude Ganga, the outgoing Congolese ambassador to China, on separate occasions here today.

SOVIET, ITALIAN COMMUNIST LEADERS HOLD TALKS

OW290840 Beijing XINHUA in English 0640 GMT 29 Jan 86

[Text] Moscow, January 28 (XINHUA) -- Soviet Communist Party leader Mikhail Gorbachev and the General Secretary of the Italian Communist Party Alessandro Natta held talks on international problems here yesterday and today. According to a TASS report, the talks were held in a "frank" and "sincere" atmosphere.

The report said that the two sides stressed the need to exert every effort to turn back the arms race, to prevent the militarization of outer space and to get concrete results in balanced and verified reduction of nuclear and conventional armaments. They also agreed on the need to reach a balance of military forces in Europe. The two party leaders also said that it would be useful to establish constructive relations in different areas between the Council for Mutual Economic Assistance and the European Economic Community. This would mean a considerable contribution to the development of the policy of cooperation in Europe. Both sides agreed that the development of relations between the two parties would also promote better relations between the two countries.

At a dinner given by Gorbachev in honour of the Italian Communist Party general secretary today, Gorbachev said: "We should look ahead into the future, taking along into it only what has stood the test of the times and leaving behind without regret what stands in the way of more concerted and efficient work. It is from this assumption that the CPSU proceeds".

He continued: "There remain differences between our parties in the evaluation of various problems, events and facts. This is natural. And this makes fraternal dialogue between the CPSU and the Italian Communist Party, between communist parties in general all the more valuable and necessary."

GATT BEGINS PREPARATIONS FOR WORLD TRADE TALKS

OW280732 Beijing XINHUA in English 0638 GMT 28 Jan 86

[Text] Geneva, January 27 (XINHUA) -- A preparatory committee of the 90-member General Agreement on Tariffs and Trade (GATT) began work here Monday on a proposed new round of world trade negotiations that may begin later this year. Seventy of the GATT members attended Monday's meeting, which is to work out recommendations for the negotiations to be submitted to a GATT ministerial meeting scheduled for September.

Although most of the members agreed on the need for a new round of trade negotiations, the agenda for the negotiations has been an issue of controversy. One of the main obstacles is whether to include service sectors in the negotiations. The United States and other industrialized countries want the talks to cover the service sector, but some developing nations including Brazil and India, are opposed. No formal decision was made at Monday's meeting.

The latest round of world trade talks under GATT's auspices was held in Tokyo in 1982. China has not participated in GATT since 1950 but it has been increasingly taking part in GATT activities in recent years. GATT members now account for nearly all world trade with China. Earlier this month, when GATT Director General Arthur Dundel was in Beijing, Chinese Premier Zhao Ziyang told him that China hopes to resume its GATT membership.

U.S., USSR, JAPAN SIGN AIR SAFETY ACCORD

OW290832 Beijing XINHUA in English 0718 GMT 29 Jan 86

[Text] Tokyo, January 29 (XINHUA) -- The pact signed by Japan, the United States and the Soviet Union on ensuring the safety of civil aviation over the northern Pacific went into effect today, Japanese KYODO NEWS SERVICE reported. Under the pact, a communication network involving three air traffic control centers to be installed in Tokyo, Khabarovsk in the Soviet Far East and Anchorage, Alaska will be set up to avoid a repetition of the 1983 Soviet downing of a South Korean airliner in a tragedy that killed all the 269 people on board.

The accord calls for precautionary measures against such an incident to be implemented by the end of August. The accord was signed in Washington on November 19 last year after a series of discussions by the three countries in Tokyo, Washington, and Moscow.

CLOTHING COMPANY OPENS OFFICE IN SHANGHAI

OW301536 Beijing XINHUA in English 1511 GMT 30 Jan 86

[Text] Shanghai, January 30 (XINHUA) -- Dorden Far East, a branch of Lloyd Williams, a U.S. women's garment manufacturer with annual sales of 100 million U.S. dollars, opened its Shanghai office today. Although their high quality of work and low labor costs have made Shanghai's silk factories a source of imports for at least 10 U.S. clothing companies, Lloyd Williams is only the second to open an office here, following Liz Claiborne, another major U.S. maker of women's clothes.

According to Liu Xinghua, manager of the local operations for Lloyd Williams, 60 percent of the company's production is now done by 11 factories in Shanghai. Shanghai's trade with Lloyd Williams was 10 million dollars last year, he said. "I expect it to reach 15-20 million dollars this year." The company's embroidered silk and polyester imitation silk shirts have "fascinated women in the states," Liu said. Products of the Shanghai venture, which tend to be sold in high-priced stores, are being sent to Canada and Japan as well as to the United States, Liu said. He said Lloyd Williams has agreed to train senior fashion designers in Shanghai.

DEFENSE DEPARTMENT GIVES TOP PRIORITY TO SDI

OW300924 Beijing XINHUA in English 0840 GMT 30 Jan 86

[Text] Washington January 29 (XINHUA) -- U.S. Defense Secretary Caspar Weinberger, in his latest long-range planning directive to the military, has raised the star wars program to the "highest priority" among the Pentagon programs, AP reported today quoting Pentagon officials. The defense guidance, signed by Weinberger on Dec. 31, 1985, is a secret document. But several of Weinberger's top deputies, including Under Secretary of Defense Fred Ikle, confirmed details of the directive. "The Pentagon's willingness to talk about the directive apparently was an effort to reemphasize Reagan's commitment to the star wars plan in the face of Soviet demands that the program be scrapped", the AP report said.

The guidance is the basic document used by the military services in devising their long range programs. Since Weinberger issued his first defense guidance in 1981, the top priority has been assigned to what is known as strategic modernization in the production of modern nuclear weapons such as the MX missiles and the B-1 bomber. The Dec. 31 guidance document maintains that emphasis, but adds SDI at the same level. "The highest priority is assigned to the President's strategic force modernization program...SDI (rpt SDI) shares this priority", the document says. In the last guidance document, issued in April 1985, Weinberger did not rank the star wars plan among the Pentagon's top priorities, although he wrote that the Pentagon would actively carry on its research program. The star wars program, known formally as Strategic Defense Initiative, or SDI, will receive 2.75 billion dollars in the fiscal year 1986.

SHULTZ VOICES SUPPORT FOR NICARAGUAN CONTRAS

OW290953 Beijing XINHUA in English 0713 GMT 29 Jan 86

[Text] Washington, January 28 (XINHUA) -- U.S. Secretary of State George Shultz today voiced his support to the program by the Nicaraguan anti-government forces to remove the present legal government in Nicaragua.

Soon after meeting with three leaders of the United Nicaraguan Opposition this afternoon, Shultz issued a statement saying that the statement by the United Nicaraguan Opposition released last week in Caracas is a program very much in keeping with the so-called "democratic trend" which the U.S. Government "strongly supports." One State Department official said that the Reagan administration is going to persuade Congress to provide the Nicaraguan anti-government forces with up to 130 million dollars a year, with 100 million dollars in military aid, and the rest in "non-lethal" assistance. Last year, the United States only provided 27 million dollars to the Nicaraguan rebels.

CLUES SOUGHT IN CHALLENGER EXPLOSION

OW301105 Beijing XINHUA in English 0724 GMT 30 Jan 86

[Text] Washington, January 29 (XINHUA) -- U.S. experts are now searching for clues to the cause of Tuesday's explosion aboard space shuttle Challenger and the death of seven people in the world's worst space disaster. However, it is perhaps the most difficult problem to solve. An investigation team held its first meeting today to start the long inquiry into the explosion of the 1.2-billion-dollar shuttle.

Since yesterday, eight ships, including four Coast Guard cutters, and nine airplanes search the 50-by-100 mile rectangle area where Challenger's wreckage fell in the Kennedy Space Center in Florida. So far 600 pounds of metal and tiles from Challenger have been pulled from the Atlantic Ocean. The largest remnant was a chunk of metal 12 feet by 4 feet. Experts are now impounding every bit of data for clues to the death of five men and two women aboard the 100-ton shuttle. According to transcripts from the control center, before the explosion, no flaw had been found and the astronauts had no warning of impending explosion. The debris collected by this afternoon did not include clothing or personal effects of the seven crew.

The search for debris is still going on, and Coast Guard officials have warned people not to touch any wreckage they might find from the shuttle, because if anyone touched the green canister that fell from the shuttle, the person would die in two seconds. No one said what was in the canister. There were also several things aboard the Challenger that potentially could be deadly.

NASA officials refused to speculate on the possible cause of the explosion, and some said it might never be found. Experts estimated that a leak or crack in one of the shuttle's twin solid rockets was a possibility. Or a rupture in the shuttle's liquid fuel tank, a huge pressurized canister brimming with a half-million gallons of liquid hydrogen and oxygen. Some engineers speculated that metal fragments might have splintered off the giant turbines, or pumps, that drive the liquid gases to the shuttle's main engines, ultimately leading to the explosion. The investigation could take months. NASA announced there will be no more shuttle flights until investigating teams have made their report and corrective actions are taken.

The tragedy will slow down the U.S. space program, which has scheduled 15 shuttle flights this year. The loss of Challenger will have a "serious" impact on the U.S. Defense Department's space program, jeopardizing long-planned schedules for deployment of a host of spy, weather and navigational satellites, U.S. officials said, adding that experiments connecting with the "star wars" program could also be delayed. Although President Ronald Reagan vowed that the U.S. space program will go on after yesterday's tragedy, the disaster will sharpen the argument that the United States should abandon manned missions and instead send robots to explore the universe.

Meanwhile, NASA scheduled a memorial service at the Johnson Space Center in Houston for Friday. The agency said President Reagan and the First Lady will attend.

PRAVDA PROMISES 'APPROPRIATE RESPONSE' TO SDI

OW301736 Beijing XINHUA in English 1432 GMT 30 Jan 86

[Text] Moscow, January 30 (XINHUA) -- The Soviet Union will make "an appropriate and effective response" to the U.S. Strategic Defense Initiative, popularly known as "star wars" program, the Soviet Communist Party newspaper PRAVDA said today. The paper accused the U.S. Government of attempting to modify the military parity of the two superpowers and of seeking military superiority over the Soviet Union through its star wars program.

PRAVDA said in an editorial today that if the United States accepts the Soviet proposals on halving the Soviet and American nuclear weapons capable of reaching each other's territories, it would constitute an important step towards the complete elimination of nuclear weapons. The newspaper urged Washington to respond positively to the new Soviet disarmament proposals put forward by Soviet leader Mikhail Gorbachev on January 15, saying that it is necessary to act concertedly and immediately to put an end to the arms race and to direct international developments onto the course of peaceful progress.

USSR, CUBA REAFFIRM SUPPORT FOR ANGOLA

OW310244 Beijing XINHUA in English 0233 GMT 31 Jan 86

[Text] Moscow, January 30 (XINHUA) -- The Soviet Union, Angola and Cuba discussed here on January 27 the situation in southern Africa, especially that in Angola, according to a TASS report this evening. The report said that the three sides firmly opposed linking the measures for disarmament with the settlement of the regional conflicts and opposed the U.S. attempt to use the regional conflicts for interference in the internal affairs of sovereign states and aggravate East-West confrontation. They condemned the South African regime for stepping up its suppression at home and carrying on aggression against neighboring countries. They also denounced the United States for meddling in the internal affairs of Angola by increasing support for the National Union for Total Independence of Angola (UNITA).

The Soviet Union and Cuba reaffirmed their respect for their treaties with Angola and said they would resolutely stop aggressive encroachments on the sovereignty and territorial integrity of Angola. The three sides emphasized that the situation could be improved and peace attained in southern Africa only if readiness is displayed by the Pretoria regime and its supporter, the United States, to heed the interests of Angola and the Namibian people and recognize the South West Africa People's Organization (SWAPO) as the sole and legitimate representative of the Namibian people.

GUOJI SHANGBAO DISCUSSES SINO-JAPANESE TRADE

HK300729 Beijing GUOJI SHANGBAO in Chinese No 80, 13 Jan 86 p 3

[Article by Zhang Xiaomin: "Sino-Japanese Trade: The Present and the Future"]

[Text] In 1985, Japan's exports increased over 1984, while its imports decreased. According to the Japanese Ministry of Finance, between January and November 1985, Japan had a \$39.5 billion balance of trade surplus. This tremendous surplus has caused Japan further trade difficulties with the rest of the world. In the new year, friction between Japan and its major world trading partners will further intensify. How to ease the friction has become the most important problem for Japan in developing its foreign trade.

The momentum of rapid growth in Japan's exports to China did not weaken in 1985. The volume of exports to China in the second and third quarters was double that in the same period in 1984. The largest margin of increase occurred in machinery products. In the first 10 months of 1985, Japan's exports of machinery products to China increased by 88 percent over the same period in 1984. The value totaled \$5.977 billion, accounting for 57.7 percent of total Japanese exports to China. Commodities that increased by a comparatively large margin were: cars, trucks, ships, scientific apparatus and steel products. In 1985, Japan's export of electrical home appliances was still on the rise. Between January and October, export of TV sets grew 2.2 times over the same period in 1984, refrigerators by 1.6 times, and washing machines by 1.7 times. At the same time, China increased imports of chemical fertilizer and organic chemical industrial products from Japan. Chemical industrial products increased by 26.9 percent over 1984, and chemical fiber and its products by 30 percent.

China's exports to Japan were affected by a general drop in prices on the international commodity market in 1985. With some exceptions the majority of commodities exported in large quantity showed a decrease in volume as well as in money realized compared to the same period in 1984. For example, in the first 10 months of 1985, oil exports were reduced by 9.4 percent, coal by 8.5 percent, chestnuts by 9.6 percent, peanuts by 25.9 percent, and prawns by 18.2 percent over the same period in 1984. The main commodities in which Japan increased its imports from China were: maize, cotton, cotton fabric, raw silk, carpets, garments, rabbit hair, books and paintings. Particularly worth mentioning is maize. China resumed its export of maize to Japan in 1984. More than 200 million tons of maize was exported to Japan in the first 10 months of 1985, more than 20 times that of the same period in 1984. This accounted for 5.4 percent of China's total exports to Japan, and it has become another commodity in the large quantity export category.

To sum up, Japan increased its exports to China by a large margin in 1985, while the growth in China's exports to Japan slowed. Hence the drastic increase in China's trade deficit. Between January and November, China's trade deficit with Japan was \$5.435 billion, an increase of nearly 10 times that of the same period in 1984. This has become a problem that should not be neglected in Sino-Japanese trade.

How to eliminate trade deficits and maintain the balanced development of Sino-Japanese trade has become an important topic for developing Sino-Japanese economic and trade relations. For this, the departments concerned in China must adopt an active attitude, work hard to expand exports and to strengthen China's capability of creating foreign exchange in its exports to Japan.

Based on an analysis of the conditions of Sino-Japanese trade in 1985, we find the following existing problems must be solved if China is to expand its exports to Japan:

First, of China's commodity mix in its exports to Japan, more than 50 percent is fuel, 20 percent agricultural and sideline products, and 15 percent textile products. Thus we can see that promoting exports of primary products in large quantities to Japan is still the key to increasing exports. Oil is one of the items China exports in large volume to Japan. However, it accounts for only about five percent of the total volume of oil Japan imports at present, and we can still tap potential in this respect. In January 1986, Japan is to implement a liberalization of oil product imports. China should grasp this favorable chance, make full use of existing refinery equipment and capacity, and process semi-finished oil products for export to Japan, upgrading the additional value of the exports. In recent years, Chinese maize has been exported to Japan in large volume. It is extremely necessary to stabilize its supply, and to guard against any drastic rise or fall.

Second, upgrading the quality of export commodities, and safeguarding a good reputation. In 1985, the commodities China exported to Japan were universally upgraded in quality, a move welcomed by our Japanese clients. However, the quality of some commodities has declined, and this has seriously affected the image of Chinese commodities. The issue of quality has a direct bearing on whether Chinese commodities will stay in the Japanese market. It is necessary to set up healthy, complete and strict criteria for quality.

Third, in the first half of 1985, some units in China exported "parallel goods" to Japan through abnormal channels, harming normal trade between China and Japan, and Japanese businessmen have complained about it. In the latter half of the year, China strengthened its export controls, and implemented a system of export licenses, keeping "parallel goods" under control. We can see, therefore, that it is very important to handle exports to Japan in an organized way, orderly and steadily over a long period. China set up its Maize Export Association in 1985, with a view to strengthening control of maize exports, to the admiration of Japanese businessmen.

Fourth, developing exports of new varieties of commodities is an important channel in expanding China's exports to Japan. The number of potential new varieties of commodities in China is great. We can start with small commodities in this respect, such as small handicraft articles, sundry goods, and articles for everyday use. The Japanese love small Chinese commodities, because of their friendly feelings toward China. At the Tsukuba Fair and other exhibitions of Chinese products, such commodities were in demand and sold out.

And fifth, by the end of the year 2000, the world's demand for nonferrous metals and rare metals will increase to 40 times what it is today. China is one of the countries in the world that abounds in nonferrous metals, rare metals and other mineral resources. Japan is very active in developing China's mineral resources, and some of its enterprises are investigating in China, negotiating on matters of investment. The Chinese side can adopt various ways of using Japanese capital to develop its mineral resources for export. Besides, Japan has a great demand for China's building materials, such as stone and sand. China's relevant departments should actively develop investigation, research, and exploitation.

BEIJING LAO COMMENTS ON INDOCHINESE CONFERENCE

BK301140 Beijing International Service in Lao 1230 GMT 29 Jan 86

[Station commentator Ya Ming's commentary: "Comments on the Communique of the Conference of the Foreign Ministers of the Three Indochinese Countries"]

[Text] On 23 and 24 January, Vietnam, Laos, and the Cambodian puppet administration convened the so-called conference of the foreign ministers of the three Indochinese countries in Vientiane. The communique of the conference pointed out that they wanted to settle the Cambodian problem through negotiations. Hanoi newspapers made much propaganda out of it, saying that the conference showed Vietnam's sincerity for peace. Nevertheless, if one closely studies the contents of the communique, one cannot help but wonder what part of the communique shows the sincerity for peace of the Vietnamese rulers. The communique of the conference of the foreign ministers of the three Indochinese countries merely repeats the shop-worn stand of Vietnam and contains nothing new.

An AFP report from Hanoi said that Western diplomats and observers in Hanoi are of the opinion that the communique issued at the conference shows no signs of compromise with regard to the settlement of the Cambodian problem, and does not create any new opportunity for the solution of the problem. The communique simply repeats in full the proposals outlined at a similar conference held in August last year: to hold negotiations with anyone except the Pol Pot group and other similar Cambodian organizations.

World public opinion is fully aware that the aim of the Vietnamese rulers in making such proposals in the past was to undermine the unity of the Coalition Government of Democratic Kampuchea and to seek ways to legitimize the Heng Samrin puppet regime. However, the proposals have been rejected by the patriotic forces of the Samdech Sihanouk, Son Sann, and Khieu Samphan parties. And now, the Vietnamese rulers have once again tried to present their unreasonable proposals to the world. This move clearly shows that their aggressive nature remains unchanged.

The Cambodian problem arose from the aggression of Vietnam. The key to the settlement of the Cambodian problem rests with the resolutions adopted by the UN General Assembly, which demand that Vietnam totally and unconditionally withdraw its forces from Cambodia and that the Cambodian people be allowed to freely decide their political future without external interference. Without the first condition, which demands that the Vietnamese forces be withdrawn from Cambodia, no peaceful settlement of the Cambodian problem can be achieved. However, the communique of the conference sought to avoid this crucial issue. Even though the Vietnamese rulers have paid lip service to the peaceful settlement of the problem, they, in fact, remain steadfast about settling this problem through military means. The plan to withdraw Vietnamese forces from Cambodia by 1990, as mentioned in the communique, has been mapped out on the basis of wiping out the Cambodian resistance forces through military means within 5 years.

The lengthy occupation of Cambodia by the Vietnamese rulers has driven them into utter isolation. If the Vietnamese rulers genuinely want to extricate themselves from such a deadlock, there is only one way out -- to immediately withdraw the Vietnamese forces from Cambodia. If they fail to follow through with actual deeds in this direction but only resort to diplomatic tricks by calling for dialogues, they will never be able to improve their image.

Thai Minister Doubts Change

OW301746 Beijing XINHUA in English 1617 GMT 30 Jan 86

[Text] Bangkok, January 30 (XINHUA) -- Thai Deputy Prime Minister and Foreign Minister Sitthi Sawetsila said here today that the slightly lowered tone in the statement of the recent "Indochinese foreign ministers' meeting" does not prove any change in Vietnam's attitude towards the Kampuchean problem. Sitthi made the comment when he met with Austrian Foreign Minister Leopold Gratz, current chairman of the International Conference on Kampuchea.

Sitthi said that Vietnam attempted to use that statement, which appeared to contain some compromise, to deceive the world opinion and sow discord among the member states of the Association of Southeast Asian Nations (ASEAN). He said that the forces of Democratic Kampuchea are putting up effective resistance in the interior of their country while Vietnam is encountering increasing difficulties. Soldiers of the puppet Heng Samrin regime do not want to die for the Vietnamese and Soviet aid to Vietnam is limited, Sitthi added.

Gratz expressed concern over the contradiction within the faction of Son Sann in the tripartite Coalition Government of Democratic Kampuchea, and hoped that the contradiction would be solved soon. Sitthi told Gratz that the occurrence of some contradiction is quite common and it could be solved. Sitthi requested Gratz to inform the Vietnamese leaders that Thailand works for peace in Southeast Asia and does not want to be Vietnam's enemy. Gratz arrived here on January 22. After concluding his visit to Thailand, he will visit Indonesia and Vietnam.

SIHANOUK PAYS TRIBUTE TO GUANGDONG'S ACHIEVEMENTS

HK300806 Beijing ZHONGGUO XINWEN SHE in Chinese 1457 GMT 29 Jan 86

[Text] Guangzhou, 29 Jan (ZHONGGUO XINWEN SHE) -- Prince N. Sihanouk, chairman of Democratic Kampuchea, said here this evening: "I have witnessed the great changes that have taken place in Guangdong Province. This tells us that China's current policies are wise."

He made these remarks at a farewell banquet given in his honor by Guangdong Governor Ye Xuanping. The banquet was given at the magnificent Garden Hotel. On the occasion, Prince Sihanouk expressed great satisfaction over his trip to Guangdong. Comparing with his visit in 1973, he said: "The changes taking place in Guangdong Province are amazing. The people's living standard has greatly improved. Particularly in the countryside, we saw beautiful farmland and orchards wherever we went." He also said that the achievements by China constitute strong support for the Cambodian people in their anti-Vietnamese struggle for national liberation.

Prince N. Sihanouk, his wife, and his entourage arrived in Guangdong on 15 January for a visit. During their stay they went to Guangzhou, Shenzhen, Zhuhai and Shunde Counties and paid a special visit to Zhongshan City and Cuixiang Village, where Dr Sun Yat-sen's former residence is located.

Returns to Beijing

OW301313 Beijing XINHUA in English 1159 GMT 39 Jan 86

[Text] Beijing, January 30 (XINHUA) -- Samdech Norodom Sihanouk, president of Democratic Kampuchea, ended his visit to China's Guangdong Province and flew back here today. The president arrived in Guangdong January 15 and visited many places of the province during his two-week stay there. Accompanying the president on the tour, Chinese Vice Foreign Minister Liu Shuqing and Ambassador of the Democratic Kampuchea to China Chan Youran also returned here today.

EVERBRIGHT'S HONG KONG PROJECTS DISCUSSED

HK300847 Beijing ZHONGGUO XINWEN SHE in Chinese 0805 GMT 24 Jan 86

[Report by reporters Ling Hongjun and Sheng Meilan: "Wang Guangying on Everbright Group's Development of Business"]

[Text] Hong Kong, 24 Jan (ZHONGGUO XINWEN SHE) -- "It will soon be 3 years since I came here. I have run into more difficulties than I imagined, but the progress achieved has also been faster than I imagined." This was what Wang Guangying, head of the Everbright Group, said in summing up his 3 years in Hong Kong -- years packed with change. The other day, he talked with us at the office of the Hong Kong Far East Financial Center about the development of the Everbright Group's business operations.

He said that Everbright Group had completed transactions involving 26 projects -- bringing more than \$600 million to the mainland. Forty percent of the transactions were handled through Hong Kong. "Large transactions like these have always been money losers at the start. But we have boasted of profits here from year to year! So Everbright has been the focus of everyone's attention and the subject of talk. This is nothing strange."

On the develop of the piece of land known as Admiralty II, Hong Kong, Wang Guangying said that the site for the Everbright Building had basically been completed and the whole project is to be finished in early 1988 at the latest. So saying, he asked someone to bring him the model of the building. How to describe this ingeniously designed 47-story building? After a little thought, he said that the best description was to call it a silver dragon hugging a column. He added that work had also started on another similar office building.

The Everbright Group has extended its business operations to northeast China. In cooperation with the Kajima Construction Company of Japan, it will invest in the building of port facilities in Dandong City. A relevant agreement is to be signed soon. It is planned to first build a landing stage-type wharf for 5,000-ton-class cargo vessels, with expansion to be carried out later. Given a modern wharf for Dandong, the strain on the currently overtaxed Dalian Harbor, the gateway to northeastern China, will be relieved.

The Waihai Bridge -- the last line spanning the Guangzhou-Zhuhai highway -- is a project involving cooperation between the Everbright Group and Kumagae of Japan, with an investment of \$25 million. An iron bridge with a 1,400 meter span is to be completed in 2 years. Wang Guangying envisioned this project as a new record chalked up in the bridge-building history of China. Work has started on the project, with an official ceremony to be held soon.

Work is being carried out on the site for the 53-story Jingguang Center in Hujialou, east of Beijing. After completion, the Wangfujing Hotel, of a class surpassing five stars, will be one of the best in Beijing. The site for the rebuilt Heping Hotel has been completed. The whole project will be completed 2 years from now. For this reason, the well-known Jinyu Lane will be widened.

"Is your life in Hong Kong, or your life as vice mayor of Tianjin, more exacting?" Pointing to the flecks of white in his hair, Wang Guangying said: "In the past 2 years, we have not been free from setbacks. What we are involved in is of a pioneering and exploratory nature." Of the Everbright Group's 26 projects, he described only a few. In our opinion, this is enough to give us an idea of the whole situation.

EC BANS ARMS SALE TO NATIONS LINKED TO TERRORISM

OW281157 Beijing XINHUA in English 1131 GMT 28 Jan 86

[Text] Brussels, January 28 (XINHUA) -- The 12 European Community (EC) nations Monday pledged to ban arms sale to nations supporting terrorism but declined to join in the U.S. economic sanctions against Libya. In a statement issued after a one-day meeting, foreign ministers from the EC member nations said that they had "decided not to export arms or other military equipment to countries which are clearly implicated in supporting terrorism." The statement said: "The 12 EC countries condemn all forms of international terrorism." The statement said: "The 12 EC countries condemn all forms of international terrorism." The ministers also promised "to do everything within their power to avoid their nationals and industry seeking any commercial advantage in reaction to terrorist attacks and other terrorist activities."

U.S. President Ronald Reagan had appealed to Washington's Western allies to impose economic sanctions on Libya, which the United States accused of backing the terrorists' attacks on the Rome and Vienna airports on December 27, in which 20 people were killed. The EC nations told John Whitehead, U.S. deputy secretary of state, who recently visited some EC nations to win their support for the U.S. actions, that economic sanctions against Libya would be not be effective.

The ministers vowed to intensify security at airdromes, ports and railway stations and impose tighter controls on people entering or leaving EC nations to ward off possible terrorist attacks. The EC statement also expressed "strong concern" at the tensions developing in the Mediterranean since the United States began an aeronaval manoeuvre off the Libyan coast on January 24. It called for a peaceful resolution of the regional problems.

THATCHER NOT UNSCATHED BY WESTLAND 'STORM'

OW292120 Beijing XINHUA in English 1830 GMT 29 Jan 86

["News Analysis: Political Storm Over Westland Abates, but Impact Remains" -- XINHUA headline]

[Text] London, January 29 (XINHUA) -- The political storm over Britain's financially-ailing Westland Helicopter Company has begun to abate after Parliament Monday defeated an opposition Labour Party motion to investigate the Government's handling of the Westland affair. However, the storm, the worst that Prime Minister Margaret Thatcher has weathered in her six and a half years in office, has already dealt severe blows to the ruling Conservatives and might affect its future, observers here said. On Monday, an emergency motion by the opposition Labour seeking full details of the background to a leak of a confidential ministerial letter on the Westland Helicopter Company was defeated with 379 against and 219 for it. The vote showed that almost all Conservative Parliament members rallied to Thatcher's defence.

The Westland affair surfaced on January 9, when Defence Secretary Michael Heseltine resigned, alleging that Thatcher and Trade and Industrial Minister Leon Brittan tried to stifle his campaign for a European consortium's take-over of Westland, the country's only helicopter maker. About two weeks after his resignation, Brittan, who Heseltine said had sided with Thatcher in favor of a rescue offer by the giant U.S. helicopter manufacturer Sikorsky, quit after being accused of leaking a ministerial confidential letter detrimental to Heseltine's campaign. Thatcher had since then been questioned whether she knew about the leak which was a violation of the Secrets Act and which was actually permitted by her own office.

Before Monday's vote, Thatcher insisted that she did not know about the leak until January 22, when she was informed by an investigative group. She claimed that the leak "stemmed from a genuine difference of understanding" between her office and the Trade Department. She said the Trade Department believed it had got "permission" to leak the letter while officials at her private office agreed that the news media could be informed about the letter, but not in the form of a leak.

During hours of debate, Brittan, a Thatcher loyalist, said he took full responsibility for the fact and the form of the leak and thereby fended off the charges of the opposition parties against Thatcher. Even Heseltine, who had launched a barrage of charges against Thatcher and Brittan after his resignation, joined the chorus of support from conservative MPS for Thatcher's explanations, saying that Thatcher's "brave speech... has brought the politics of this affair to an end." With Conservatives temporarily united against the challenges of opposition parties, Thatcher has emerged from the Westland crisis, but not without wounds, observers said. The opposition parties who have compared Thatcher's handling of the Westland affair with the Watergate scandal still remain unconvinced about her explanation of the leak and will continue to embarrass the government at all available occasions. The Westland affair symptomized the dissatisfaction of some Conservatives with Thatcher's domination and encouraged them to promote rival Conservative nominees for the next general elections.

What appears to be the most severe blow to the Conservative Party, however, is the fall of its popularity caused by the Westland affair. In an opinion poll conducted before Monday's Parliament debate, Conservatives got 29.5 percent of public support, compared with 35 percent for the Social Democratic and Liberal alliance and 34 percent for the Labour Party. An opinion poll conducted on Tuesday by the British Broadcasting Company showed that the Conservatives were again in third place with 29 percent, behind the alliance with 35 percent and the Labour Party with 31 percent.

There was much talk last year that the Prime Minister was likely to call an early general election this fall amid the continuing surge of British economy and the implementation of a large scale tax cut. But the Conservatives hope to win an early third straight general election is certainly diminished by the fall of its popularity and economic uncertainties caused by the fall of North Sea oil price, observers said.

BARTER TRADE PAYMENTS PROTOCOL WITH CSSR SIGNED

OW261420 Beijing HINHUA Domestic Service in Chinese 1147 GMT 23 Jan 86

[Text] Prague, 22 Jan (XINHUA) -- The Harbin branch of the Bank of China signed a payments and accounts settlement protocol for local barter trade here this afternoon with the Czechoslovak Trade Bank. This is the first agreement signed between the two countries to solve bank account problems since some Chinese provinces and cities began to carry out barter trade with Czechoslovakia outside the government agreement. So far seven Chinese provinces and cities including Shanghai, Beijing, Heilongjiang, and Jiangsu have signed local barter trade agreements with Czechoslovakia. The protocol signed today will create favorable conditions for implementing these local barter trade agreements and for further promoting barter trade with Czechoslovakia in the future.

FRIENDSHIP ASSOCIATION FETES CSSR OFFICIAL

OW301724 Beijing XINHUA in English 1518 GMT 30 Jan 86

[Text] Beijing, January 30 (XINHUA) -- The Chinese People's Association for Friendship With Foreign Countries hosted a dinner here today for Bohuslav Kucera, president of the Czechoslovak Association for International Relations. Kucera is also a vice-chairman of the Federal Assembly of Czechoslovakia.

Speaking at the dinner, Vice President Chu Tunan of the friendship association said that China and Czechoslovakia had carried out diversified exchanges in recent years. Cooperation between friendship organizations of the two countries had also been successful. He emphasized that developing the Sino-Czechoslovak friendship is in accord with the fundamental interests of the two peoples and also contributes to world peace. In his toast, Kucera expressed willingness to work for friendship as well as economic and technical cooperation between the two countries. Kucera arrived here this morning on a week-long visit to China as guest of the friendship association.

POLISH FOREIGN MINISTER ON TIES WITH U.S., PRC

OW300923 Beijing XINHUA in English 0720 GMT 30 Jan 86

[Text] Warsaw, January 29 (XINHUA) -- It is possible for Poland to normalize relations with the United States and Poland has suggested to hold intergovernmental talks to review the entirety of matters between the two countries, said Polish Foreign Minister Marian Orzechowski here today.

Making a report on his country's foreign policy at a meeting of the parliament, the foreign minister said that on the Polish-U.S. relations, Poland "will not overlook even the slightest, single sign of goodwill, but it will also not fail to react to any gesture and step that would be unfriendly towards Poland." He said that Poland pays special attention to developing economic relations with Western countries. But, he added, the relations should be carried on without political restrictions.

The foreign minister said that "we hold that it is of importance to maintain relations with the People's Republic of China," and that "the cornerstone for our foreign policy has always lain and will lie in the friendship and complete corporation with the Soviet Union." He continued that Poland supports Soviet leader Mikhail Gorbachev's new proposals on disarmaments and "will supplement them with its own views and initiatives." He said that the Soviet proposals "have expressed our desires and demands and reflected the most profound interest of our people." He pointed out that it is impossible to realize detente rapidly and the international tension is not easy to be got rid of.

UN REPRESENTATIVE CENSURES ISRAEL FOR DESECRATION

OW310648 Beijing XINHUA in English 0631 GMT 31 Jan 86

[Text] United Nations, January 30 (XINHUA) -- The Chinese people including its Moslems condemn the recent acts of provocation by the Israeli authorities against the Islamic holy places in Jerusalem, Ambassador Li Luye said here today.

The ambassador, China's permanent representative to the United Nations, made these remarks at this afternoon's Security Council meeting. The Council has met six times since January 21 at the request of the Arab countries to consider Israeli acts of desecration of the Al-Aqsa Mosque in the occupied city of Jerusalem. Referring to the "acts of deliberate provocation" by some members of the Israeli Knesset, certain government ministers and some extremists, Ambassador Li said that Chinese Moslems sympathize with, and understand, the sentiments of the Islamic peoples towards the Islamic holy sanctuaries in Jerusalem. He pointed out that the recent event was by no means an accidental and isolated incident. "It is in fact the continuation of a series of acts of sabotage and provocation for nearly 20 years in the past against the Islamic holy places in Jerusalem."

Reviewing the recent history of the region, the ambassador said that since 1967, the Israeli authorities have taken legislative and administrative measures which would result in a change of Jerusalem's status and lead eventually to the annexation of the city. The Chinese ambassador also recalled that since 1968, the Security Council has adopted nine successive resolutions, in which it stressed time and again that all such measures taken by Israel had no legal validity and asked Israel to cease all acts of this nature. However, he pointed out, Israel has refused to implement the U.N. resolutions. Instead, it has clung obdurately to their course and has created continuous tensions in the occupied territories, including Jerusalem.

The ultimate solution of the Jerusalem question hinges on a comprehensive, fair and lasting settlement of the Middle East question, he said. To this end, he said, Israel must withdraw from the Arab territories it has occupied, including Jerusalem, and the national rights of the Palestinian people and the other Arab countries must be restored. Before that goal is achieved, he stated, Israel, as the occupying power, must strictly observe the principles of international law, particularly the relevant provisions contained in the Geneva Convention related to the protection of civilian persons in time of war. It must respect the basic rights of the indigenous Arab people, including their right to religious belief, and the ancient Islamic civilization.

XINHUA ASSESSES EUROPEAN TRIP BY ISRAEL'S PERES

OW310330 Beijing XINHUA in English 0258 GMT 31 Jan 86

["Round-up: Israeli Prime Minister's European Tour Gets Nowhere" -- XINHUA headline]

[Text] Beijing, January 31 (XINHUA) -- Israeli Prime Minister Shim'on Peres Thursday wound up his 11-day European tour in a bid to drum up support for his Middle-East peace formula, but his effort got nowhere. Peres toured the Netherlands, Britain and Federal Germany, but he mainly devoted his efforts to convince the British leaders who have strong ties with Jordan, of the formula. Outlining his position at the beginning of his visit on January 19, Peres said that he was ready to talk with a Jordanian-Palestinian delegation in a loose international framework, provided Jordanian King Husayn selects West Bank mayors or Palestinian members of Jordan's Parliament as Palestinian representatives. But he refused to accept PLO members in the delegation.

He reportedly suggested an international conference lasting for a day or two, apparently for cosmetic purposes, and then bilateral talks dealing primarily with the status of the West Bank and Gaza Strip. Other issues like the status of Jerusalem and the occupied Golan Heights would be left until later.

Peres' European diplomatic tour had the backing of the United States, whose government dispatched envoy Richard Murphy to London for an intensive round of shuttle diplomacy between Peres and Jordanian King Husayn, who had been in London just before Peres' arrival. To find a formula for peace talks acceptable to both Israel and the Arabs, Murphy held four long meetings with Peres in five days while shuttling between The Hague and London. No details of Murphy's meetings with Peres and Husayn are available yet, but observers say that the gap between the positions of the two remains wide.

Peres made it clear that there is an urgent need to get the peace process with Jordan moving, for he will hand over his premiership in October to foreign minister Yitzhaq Shamir, who leads the hard-line Likud Bloc that is opposed to territorial concessions to the Arabs. In view of what he has done during his 15-month premiership -- the troops withdrawal from Lebanon; a stabilized economy and improved relations with Egypt -- progress in the peace process might enable Peres to avoid a transfer of power by bringing down the coalition government and winning a new election, which would give him a full four-year term in office. Husayn reportedly believes that time is working against a peaceful settlement of the Arab-Israeli conflict as he considers it easier to negotiate with Peres than with Shamir. However, it is almost impossible for Husayn to go it alone. He needs to be flanked by Syria or the PLO, or preferably both. He also needs the framework of an international conference and the presence of the Soviet Union and the United States to guarantee fair play.

The idea of peace talks between Israel and a Jordanian-Palestinian delegation originated in an accord reached between Jordan and the PLO in February last year. But it had never been realized, because there were differences over the question of who should participate in the international talks and who would represent the Palestinians. The United States and Israel are opposed to the participation of the PLO unless the latter renounces violence and accepts U.N. Resolutions 243 and 338 that call for recognition of Israel's right to exist. But PLO Chairman Yasir 'Arafat does not agree with these conditions for his participation, while Syria, another major party to the conflict, is not ready to accept either of the international conference formulas. Syria reportedly holds that if there are any peace talks within an international framework, Syria and anti-'Arafat PLO factions should be present.

In his public statements made in The Hague, capital of the Netherlands, Peres delivered a message to the Soviet Union, which has shown some interest in the peace process, to the effect that any Soviet involvement in the peace process must be under the condition that it restores diplomatic relations with Israel which had been severed in 1967 after an Arab-Israeli war and eases emigration restrictions on Soviet Jews who want to move to Israel. In London, Peres persuaded Britain to make use of its good relations with King Husayn and the rest of the Arab world to bring about direct talks according to his formula. But there are reports that Peres has failed to get British leaders to shift their position on the Middle East. They believe that it is dangerous to negotiate a peace settlement in the absence of Syria and the PLO, the sole legal representative of the Palestinians supported by the Arabs and most of the world.

But Peres said he was expecting a "final approach" from Husayn who had met PLO leader 'Arafat in Amman in the past four days after Murphy's mediation effort. 'Arafat told Husayn that the PLO would endorse the U.N. resolutions recognizing Israel only when the United States had recognized the PLO as the sole legal representative of the Palestinians. So the ball is now in the American court. Observers do not expect a positive American response to the challenge. But without one, no bright prospects would be in sight for the peace process.

PLA'S HE QIZONG DISCUSSES REDUCTION WORK

OW301337 Beijing International Service in Mandarin 0900 GMT 30 Jan 86

[Text] He Qizong, deputy chief of the General Staff of the PLA, said: The Chinese Army will continue to carry out the reduction-in-strength and reorganization this year. The main points of this year's Army reduction-in-strength and reorganization work will be implemented in military academies, the logistics system of the whole Army, and in People's Armed Forces departments at county level. Adjustment of high-level leading bodies was completed in the Chinese Army last year. A series of reforms such as the change from field army to group army, and the consolidation of several services, were also conducted.

The 43 year-old He Qizong took up his present post during that adjustment of high-level leading bodies. He is one of the youngest senior commanders in the Chinese Army. He told the reporter that the reduction of one million troops will also take place smoothly after the completion of those reforms. Referring to arms and equipment of the Chinese Army, he said: Weapons design and production for the Army have been greatly upgraded since 1979. The Army is using more computers. Arms and equipment are gradually updated. He said the arms and equipment of the Chinese Army should aim at the world's advanced level and high level scientific research for arms and equipment should be strengthened. He Qizong also talked about the fighting strength of the Chinese Army. He said: Compared with the Korean war in the 1950s, the fighting strength of the Chinese Army has markedly increased. It can be said that we will surely win a final victory if any country dares to wage an aggressive war against our country.

TRAINING OF DEMOBILIZED ARMY CADRES VIEWED

HK280305 Beijing LIAOWANG in Chinese No 2, 13 Jan 86 p 21

[Article by Ding Shiyi: "An Important Strategic Task -- Jiao Shanmin on Preassignment Training of Demobilized Army Cadres"]

[Text] The CPC Central Committee and the State Council have decided to reform the Army structure, to streamline and reorganize the Army, and to cut the Army by 1 million men. In the next few years a large number of cadres will leave the Army and work in civilian posts. What should we do to help the cadres transferred from the military to the socialist construction front adapt themselves to the new environment as quickly as possible and to perform their new tasks well? Bearing this question in mind, this reporter interviewed Jiao Shanmin, member of the work group under the State Council for the assignment of demobilized Army cadres and vice minister of labor and personnel.

The enlarged meeting of the Central Military Commission presided over by Comrade Deng Xiaoping in 1975 decided that the Army should be reorganized. After that, the State Council set up a work group for the assignment of demobilized Army cadres. Beginning in 1980, Jiao Shanmin was in charge of the work of assigning and training demobilized Army cadres. Some time ago he presided over a national work conference on the training of demobilized Army cadres. He told this reporter: Since the 3d Plenary Session of the 11th CPC Central Committee, our country has entered a new period of socialist modernization. In an effort to achieve the four modernizations, we should train and bring up, through various channels, a contingent of cadres who are better educated and have both professional knowledge and managerial skills. Preassignment training of demobilized Army cadres is a new task in the new period. It is also a major reform in the assignment of demobilized Army cadres.

Comrade Jiao Shanmin said: As long ago as 1979, Comrade Deng Xiaoping pointed out the necessity of holding training classes for cadres who leave the Army to work in civilian posts, so as to teach them various branches of knowledge, such as industry, finance, and trade, politics and law, and culture and education. He also gave specific instructions on the period, method and organizational form of training. Comrades Hu Yaobang, Zhao Ziyang, Yu Qiuli, and Yang Dezhi also stressed on numerous occasions that demobilized Army cadres should be given preassignment training.

Jiao Shanmin said: In the spirit of the instructions of the central leading comrades, in 1981 we conducted 6 months of specialized training among more than 80,000 Army cadres transferred to political and legal fronts. We attained satisfactory results by adopting the method in which the Army retained overall responsibility and the local authorities provided training classes with teaching materials and personnel. This provided useful experience for the training of demobilized cadres on a large scale. In 1983 the work of training demobilized cadres was gradually implemented on a national scale. To date, 5 training centers for demobilized Army cadres have been set up and preparations are being made for the establishment of 12 others. There are more than 3,000 special training classes of all types. Almost 200,000 people have received various specialized training, accounting for more than 60 percent of the total number of demobilized cadres who should receive training.

In the course of the conversation, Jiao Shanmin took out a large parcel of documents. He said: Read this data. You can see from this data that the demobilized cadres have markedly improved their professional competence after receiving job-related training. In 1982, cadres transferred to political and legal fronts achieved outstanding success in cracking down on economic crimes and safeguarding public order. Many demobilized cadres succeeded in becoming key members in production and other work in a relatively short time. They have either been commended or placed in important positions.

Jiao Shanmin said: A gratifying situation has emerged in the placement of demobilized Army cadres. The various localities have accepted as many cadres as have been assigned by the central authorities and made good arrangements for their placement. A new situation has emerged whereby quite a few localities vie with one another in accepting tasks for the placement of demobilized cadres. All localities have accepted, according to the plan, their quotas of demobilized Army cadres scheduled for this year. This has been an unprecedentedly excellent situation in the placement of demobilized Army cadres since the fifties.

Jiao Shanmin said: In the past 2 years, the contents of specialized training have also constantly developed in line with the expanding scope of training. In 1983 most localities mainly ran comprehensive training classes. In 1984 training classes were divided according to different specialized subjects, such as industry, finance and trade, communications, banking, tax and insurance, administration of justice, public security, party and government administration, and culture and education. In the course of teaching practice, and curricula were properly adjusted in line with practical needs of demobilized Army cadres in order to conduct training in a systematic and specialized way. This practice is well received by the cadres being transferred to civilian work. Jiao Shanmin said: It now seems good to lengthen the period of training, originally fixed at half a year. Some training classes last 1 or 2 years. Efforts should be made to gradually turn training classes into schools. The demobilized Army cadres who have received training should attain the level of either a special secondary school and/or a university graduate. Training classes can be run in various ways. They can be run independently by the local authorities, jointly run by the Army and local authorities, or assigned to the existing universities, colleges, special secondary schools, party schools, and cadre schools.

At the end of his talk, Jiao Shanmin emphatically said: The Army is an important component of state power. Where there is an Army, there is transference to civilian work; those transferred to civilian work should be given training. Preassignment training will become a new system under which we arrange for the placement of demobilized Army cadres. For this reason, the training of demobilized Army cadres should be regarded as a long-term strategic task and not a makeshift measure. On no account should it be provided at the last moment. Even if, a number of years later, all Army cadres should be graduates of military academies with a special secondary school or university educational level, they should still receive specialized training when they are transferred to civilian work. This is because, with all their cultural and educational backgrounds, they have no professional knowledge and are not familiar with economic construction. They will face the problem of updating and improving their knowledge. Jiao Shanmin said that the better the training of demobilized Army cadres is conducted, the easier it will be for their placement and the more advantageous it will be for Army consolidation and building.

AREAS OPEN TO FOREIGN TOURISTS INCREASED

OW310428 Beijing XINHUA Domestic Service in Chinese 1417 GMT 30 Jan 86

[Text] Beijing, 30 Jan (XINHUA) -- The Chinese Government has decided to open more areas to foreigners, increasing the number from 107 in 1985 to 244. Beginning from 1 February when the law of the People's Republic of China governing entry and exit by foreigners enters into force, foreigners with valid visas or residence certificates may travel in these open areas without special permission. This was announced by a responsible person of the Ministry of Public Security today. The responsible person said: Along with the development of the situation, more areas in China will be opened to foreigners. Areas opened to foreigners are:

Beijing Municipality

Tianjin Municipality

Shanghai Municipality

Hebei: Qinhuangdao, Shijiazhuang, Chengde, Baoding, Tangshan, and Handan Cities, and Zhuoxian County

Shanxi: Taiyuan, Datong, Linfen, and Yuncheng Cities

Nei Monggol: Hohhot, Baotou, Erenhot, Manzhouli, Tongliao, Hailar, Dongsheng, Xilinhot, and [word indistinct] Cities, and Dalad Banner

Liaoning: Shenyang, Dalian, Anshan, Fushun, Dandong, Jinzhou, Yingkou, Fuxin, Liaoyang, Benxi, Tieling, Chaoyang, and Panjin Cities

Jilin: Changchun, Jilin, Yanji, Siping, Liaoyuan, Tonghua, and Baicheng Cities, and Antu County (Changbai Shan Natural Conservation Area)

Heilongjiang: Harbin, Qiqihar, Daqing, Jiamusi, Mudanjiang, Jixi, Hegang, Qitaihe, Yichun, and Wudalianchi Cities

Jiangsu: Nanjing, Suzhou, Wuxi, Lianyungang, Nantong, Changzhou, Yangzhou, Zhenjiang, Xuzhou, Huaiyin, and Yancheng Cities

Zhejiang: Hangzhou, Ningbo, Shaoxing, Wenzhou, Jiaxing, Huzhou, Jinhua, and Jiaojiang Cities, and Putuo County (Putuo Shan Tourist Area)

Anhui: Hefei, Wuhu, Huangshan, Bengbu, Tunxi, Maanshan, Anqing, Huainan, Huaibei, Chuzhou, and Chaohu Cities, Shexian, Fengyang, and Jingxian Counties, and Jiuhuashan Tourist Area

Fujian: Fuzhou, Xiamen, Quanzhou, and Zhangzhou Cities, and Chong'an County

Jiangxi: Nanchang, Jiujiang, Jingdezhen, Yingtan, Jinggangshan, and Ganzhou Cities

Shandong: Jinan, Qingdao, Yantai, Taian, Weifang, Zibo, and Jining Cities

Henan: Zhengzhou, Kaifeng, Luoyang, Anyang, Xinxian, Xinyang, Nanyang, Puyang, and Pingdingshan Cities, and Wenxian County

Hubei: Wuhan, Yichang, Shashi, Xiangfan, Xianning, Danjiangkou, Huangshi, Jingmen, Ezhou and Shiyán Cities, and Jiangling County

Hunan: Changsha, Hengyang, Yueyang, Xiangtan, and Zhuzhou Cities

Guangdong: Guangzhou, Foshan, Zhaoqing, Shenzhen, Zhuhai, Shantou, Haikow, Zhanjiang, Zhongshan, Jiangmen, [word indistinct], Moaming, [word indistinct], Chaozhou, Sanya, Meixian, and Dongguan Cities, and Gaoyao Qionghai, Dingan, Qionghai, Wanning, Tunchang, Chengmai, Lingao, Danxian, Wenchang, Baoting, Baisha, Qiongzong, Lingshui, Lendong, Dongfang, Changjiang, Xingning, Huiyang, Boluo, Heyuan, Lufeng, Haifeng, Huidong, Xinxing, Yunfu, Sihui, Fengkai, and Deqing Counties

Guangxi: Nanning, Guilin, Beihai, Liuzhou, and Wuzhou Cities, and Binyang, Guiping, Rongxian, Guixian, Beiliu, Xingan, and Luchuan Counties

Sichuan: Chengdu, Chongqing, Leshan, and Wanxian Cities, and Yunyang, Fengjie, Wushan, and Zhongxian Counties

Guizhou: Guiyang, Anshu, Zunyi, Kaili, and Liupanshui Cities, Shibing, Qinzhen, and Zhenyuan Counties, and Huangguoshu Scenic Area

Yunnan: Kunming, Dali, Yuxi, Chuxiong, and Qujing Cities, Tonghai, Jinghong, Menghai, and Simao Counties, and Lijiang Naxi Nationality Autonomous County

Xizang: Lhasa City

Shaanxi: Xian, Xianyang, Yanan, Baoxi, and Hangcheng Cities

Gansu: Lanzhou, Baiyin, Jiayuguan, Jiuquan, Tianshu, and Linxia Cities, and Yongjing, Dunhuang, and Xiahe Counties

Qinghai: Xining City, Huangzhong County (Taershi), Golmud City, and Gonghe County

Ningxia: Yinchuan City and Zhongwei County

Xinjiang: Urumqi, Shihezi, Turpan, and Kashi Cities

REGULATIONS SIMPLIFY VISITOR RECEPTION PROCEDURES

OW310413 Beijing XINHUA Domestic Service in Chinese 0809 GMT 30 Jan 86

[Text] Beijing, 30 Jan (XINHUA) -- The General Offices of the CPC Central Committee and the State Council have worked out, on 23 January, regulations to simplify reception of leading cadres at all levels on various tours. They have called on localities and departments to resolutely implement these regulations.

The General Offices of the CPC Central Committee and the State Council pointed out: In recent years, when leading cadres at all levels toured various localities, some places failed to earnestly implement the relevant regulations for reception work. Too many people were assigned to greet the guests, see them off, and accompany them on their tours. They entertained them too lavishly. Such practices foment extravagance, waste, and formalism and undermine relations between the party and the masses.

In order to amend this situation, the General Offices of the CPC Central Committee and the State Council have formulated, with the approval of the Secretariat of the CPC Central Committee and the State Council, regulations on receiving guests with the exception of foreign guests. The main points of these regulations are as follows:

-- It is necessary to abolish the welcoming and farewell ceremonies. When leading cadres at all levels visit various places, there is no need for the responsible comrades of those places and departments to meet the guests or see them off at the airport, train station, or port except for those few comrades who are responsible for receiving the guests. Still less should they meet the guests or see them off at the border of their own locality. When a leading cadre from a higher level stops at various localities, the responsible comrades of various localities and departments "do not meet the guests or see them off. Nor will they come to meet the guests unless they are invited to do so." When a leading cadre inspects a basic-level unit, the particular unit, including the various groups and teams being inspected, is strictly forbidden to mobilize or organize the masses to greet the guests or see them off. Nor should they put up posters or hang streamers to welcome the guests.

-- It is necessary to reduce the number of accompanying personnel and travel with a limited entourage. When a leading cadre visits, various localities must reduce the number of personnel, staff members, and vehicles accompanying the guests.

Except for those who have agreed to meet the guests, there is no need for other responsible comrades to be present. When leading cadres at all levels, including those veteran comrades who had retired, visit various localities to rest or recuperate, there is no need for the local responsible comrades to accompany them. When attending local activities, large or medium-sized buses should be arranged for leading cadres in order to reduce the number of vehicles and avoid traffic congestion.

-- It is necessary to practice frugality in providing food and accommodation for leading cadres. Leading cadres on work and inspection tours are not allowed to stay in deluxe guesthouses; these are for the use of foreign guests and Overseas Chinese. It is forbidden to hold receptions or farewell banquets. Nor should wine be served with meals. Cadres who eat meals must pay for their food according to local standards. They must also pay, in strict accordance with the regulations, for meals of the members of their own entourage, as well as meal allowances if such members happen to miss their meals. No special recreation and entertainment activities should be organized for the visiting leading cadres at all levels.

-- It is forbidden to present guests with gifts, including samples and local produce. Leading cadres at all levels and their entourage are not allowed to ask for or receive gifts or request the localities and departments they inspect or visit to buy commodities in short supply or local produce at a preferential price.

-- It is necessary to submit reports based on fact. It is essential to report on local work to the leading comrade at the higher level on the basis of fact, pointing out achievements and shortcomings, as well as problems. It is not permitted to exaggerate or play things down. Still less should one provide false information or figures. In arranging the itinerary and units to be inspected, it is necessary to respect the views of the touring leading comrades at the higher level. Deception and pre-arrangements to visit show places are strictly forbidden.

-- It is necessary to improve media coverage. Except for principal party and state leaders, journalist units at the central level should not dispatch reporters to accompany any central leading comrade on his or her inspection tour, unless the General Offices of the CPC Central Committee or the State Council agree with this action. When necessary to report the activities of any central leading comrade in various localities on a national basis, XINHUA will prepare the necessary news report.

The General Offices of the CPC Central Committee and the State Council call on party committees and governments at all levels to resolutely implement the above-mentioned regulations. They point out: Efforts must be made by secretaries general or directors of various general offices (offices) to coordinate relevant units in earnestly implementing these regulations, conducting checks and providing necessary supervision. Leading cadres at all levels must set high standards for themselves, strictly abide by the regulations, and criticize and ban any practice running counter to these regulations. All personnel responsible for receiving guests must dare to adhere to the principle, act in accordance with the regulations, strive to carry out their work well and join their efforts to make contributions to bringing about a fundamental change for the better in party style and social conduct.

STATE COUNCIL ISSUES CIRCULAR ON GRAIN QUOTA

OW301123 Beijing XINHUA Domestic Service in Chinese 0217 GMT 30 Jan 86

[Text] Beijing, 30 Jan (XINHUA) -- On 17 January, the State Council issued a circular on the amount of grain to be purchased under the 1986 contract.

The circular says: In order to encourage peasants to grow and sell grain, the state will properly reduce the amount of grain purchased under the 1986 contract so as to increase the proportion of grain purchased by markets at negotiated prices. The following principles will be observed in reducing the state grain purchase quota in 1986: In areas with a developed commodity economy and numerous avenues for developing diversified undertakings, it is necessary to stabilize the quota of grain to be purchased by contract and ensure the fulfillment of grain production and grain purchasing quotas by supplementing grain production with industry; in areas with the necessary potential for developing grain production and few avenues for developing diversified undertakings, including new commodity grain-producing areas and some old commodity grain-producing areas, it is necessary to reduce the quotas of grain to be purchased by markets according to negotiated prices, thereby enabling peasants to increase their incomes with their surpluses; in areas with less arable land that produce a considerable amount of grain for markets, the quotas of grain to be purchased under contract will not be reduced; in a few impoverished areas, grain purchasing contracts should be reduced or completely exempted, and the method of allowing the markets to purchase grain should be relied on heavily.

The circular says that the variety of grain purchased under contract should still be based on the State Council's 1985 regulations; this includes rice, wheat, corn, and soybeans in Heilongjiang, Jilin, Liaoning, and Nei Monggol. As for other grain varieties, if it is necessary for supply at government prices in a locality, the various provinces, autonomous regions, and municipalities under the central government should make arrangements for purchasing contracts according to demand. Peasant households and agricultural production units signing purchase contracts will be eligible to buy chemical fertilizers at government prices and eligible for preferential loans. Various provinces, autonomous regions, and municipalities under the central government should set aside a quantity of chemical fertilizers to be sold at preferential prices from that allotted by the state and from their own chemical fertilizer resources. Imported chemical fertilizers outside the state plan and the amount of increased output produced by big chemical fertilizer plants at home should also be used to help grain-exporting areas.

The circular points out that in order to balance the state's grain purchase and consumption, in addition to concluding purchasing contracts for 1986, various areas should deliver to the state a portion of the grain purchased at negotiated prices. The state will arrange for the use of this portion under the unified plan. The banks should ensure funds for purchasing grain. Only rice, wheat, corn, and soybeans to be shipped out of a locality will be sold at government prices. Negotiated prices may fluctuate according to market demand and, in general, will not be lower than the unified purchase price. Grain departments at all levels should strengthen procedures in order to prevent individuals from making money from the price differences through fraud or irregularities. Offenders must be severely dealt with according to disciplinary measures and law.

The circular stresses: Reduction of the quota of grain to be purchased according to contract is aimed at increasing market purchases at negotiated prices. This will enable grain-growing peasants to increase their income from their surpluses and enhance their enthusiasm about increasing grain production. People's governments at all levels must strengthen their leadership over grain production work, make the reduction of the quotas of grain purchases by contract an important part of the rural work this spring, do their work well, and correctly handle the relationship between the state and the peasants. Before the start of spring farming, contracts of reduced grain purchasing quotas should be concluded with peasant households and grain production units; this will serve as guidance for production and achievement of a good grain harvest this year.

IMPORT TAXATION REGULATIONS EXPLAINED

HK310613 Beijing ZHONGGUO XINWEN SHE in Chinese 0257 GMT 28 Jan 86

[Text] Beijing, 28 Jan (ZHONGGUO XINWEN SHE) -- Question: What are the regulations concerning taxation on goods imported by enterprises funded by Overseas Chinese, Hong Kong, Macao, and Taiwan compatriots?

Answer: Enterprises on the mainland funded by the above-mentioned people are exempted from tariff, industrial, and commercial consolidation taxes while importing the following materials:

1. Machinery equipment, components and other material goods defined by contract as capital investment of investors "other material goods" means those materials needed by enterprises to expand factories and to install and reinforce machinery. The same applies below);
2. Machinery equipment, components, and other material goods imported with funds which are within the enterprise's total capital;
3. Machinery equipment, components, and other material goods imported by enterprises with additional capital with the approval of organs responsible for investigation and approval, whose supply cannot be guaranteed from Chinese sources.
4. Raw and semi-finished materials, necessary accessories, components, parts and packaging materials imported by enterprises for the production of export goods.

The above-mentioned tax-free imported materials should also be taxed according to regulations, if they are permitted to be to be resold in China or used in the production of goods to be sold in China.

5. Stationary and nonproductive daily necessities and vehicles do not fall into the tax-free category, and tariff, industrial, and commercial consolidation taxes should be defined. However, the equipment necessary for production management such as closed circuit TV sets, computers, and communications apparatus can be exempted from import tax as productive equipment according to regulations.

While importing the above-mentioned goods, enterprises should fill in an "import goods declaration form" for customs. If the imported goods belong to a category restricted by the government, enterprises should submit import licenses to customs for examination. Only after examination and inspection by customs can they be imported.

SPECIAL ECONOMIC ZONE PATTERNS REVIEWED

HK301500 Beijing JINGJI RIBAO in Chinese 25 Jan 86 p 1

["Weekend Forum" column by Wang Zhuo: "Have a Clearer Understanding of the Special Economic Zone From Shenzhen's Experience"]

[Text] The Shenzhen Special Economic Zone (shortened as Shenzhen SEZ) is something new. Its development has been so rapid, its changes have been so great, and its progress has been so quick that our understanding is apt to lag behind objective practices. Therefore, we should continue to learn from Shenzhen and to deepen our understanding of Shenzhen at various levels. The first thing is to understand the SEZ's economic pattern from the point of view of the relations between domestic and foreign trade.

Should the SEZ economic pattern be outward-oriented or open-style? Some scholars at home researching the SEZ economic pattern have been issuing propaganda about the SEZ's outward-oriented economic pattern for several years. What is an outward-oriented economic pattern? So far, there has not been a unified and clear explanation of this pattern. But, one thing which is clear is that what is called an outward-oriented pattern refers mainly to the relationship between exports and imports of commodities, including the relationship between exports and domestic sales. If the economy in the SEZ can only be regarded as having an outward-oriented pattern when its commodities are exported and cannot be sold at home then, it is in fact impossible for such an outward-oriented economy to exist in any country in the world, let alone in China. A commodity exchange is always a two-way process and exports are carried out for the purpose of imports. In a modern society, there can no longer be such a foolish landlord who exports his commodities, earns U.S. dollars from the exports and then locks the U.S. dollars in his safe and never spends them.

If an SEZ exports 60 percent of its commodities and thus attains its major goal of selling its commodities mainly abroad, can such an SEZ be regarded as one with an outward-oriented economy? To answer this question, we should first ask where the other 40 percent of the commodities should go. Can it be regarded as having an externally-oriented economic pattern only when these commodities may only be sold in the narrow market of the SEZ, which only has a population of several hundred thousand people? However, Shenzhen is a special economic zone established by a big country and has many exceptional economic advantages. Running Shenzhen as an export processing area is obviously an erroneous policy. The practice in the past few years has proven that Shenzhen is not an export processing area but is comprehensive multi-functional special economic zone. Therefore, we cannot regard the Shenzhen SEZ as one with an outward-oriented economic pattern.

Of course, we all hope that our SEZs can put their commodities on the international market. This is a correct desire. However, if we fail to give play to the advantage of the hinterland's support to the SEZs and if we stress that the SEZs' commodities for exports are not allowed to sell at home, then we are simply tying the hand of our SEZs. By so doing, our SEZs will become bases for marketing goods abroad rather than port cities for the development of export and import trade.

I do not agree to the idea of the "outward-oriented pattern," and uphold the idea of the "open-style pattern." This is precisely aimed at giving all-round play to Shenzhen SEZ's special advantages. Our SEZs should be open to both the outside world and the areas at home. In regard to funds, they should implement the principle of drawing in funds from abroad and raising funds through cooperation at home and thus combine those two advantages and those two forces. Externally, they should export more commodities and import more technology, equipment and necessary means of production and consumption; and internally, they should transfer more new technology, equipment, and commodities to other areas at home. They should also utilize the personnel, technology, and commodities of the areas at home. Combining the two advantages and forces of introduction from abroad and cooperation with other areas at home will facilitate introducing technology from abroad and developing our import and export trade as well as marketing our commodities abroad.

The second level is to understand the SEZs' pivotal role in light of the relations between two markets. Markets are of prime importance in developing a modern commodity economy. By calling Shenzhen a pivot, we mean that it is a pivot linking the two markets at home and abroad. As a result, the area of the Shenzhen SEZ is not large, but it has access to two big markets with great capacity. Therefore, the Shenzhen SEZ is provided with the best conditions for fully utilizing the advantages of two kinds of funds, resources, and technology.

In order to give play to the Shenzhen SEZ's pivotal role, we should study its market patterns. The first market pattern is the outward-oriented market pattern upheld by some scholars researching the Shenzhen SEZ's economy. It is in fact the market pattern of an export processing area. According to this market pattern, the SEZ commodities can only be sold abroad, but are not allowed to sell at home. This is a self-enclosed market pattern. This market pattern benefits neither the SEZ nor the state. The second market pattern is the market pattern of an open-style economy. This market pattern embodies the radiation function of "two fan-shaped areas," and the pivot that links the two markets at home and abroad. In practicing this market pattern, we regard the market at home as the prop and the market in Hong Kong as a springboard, and focus on directly opening up international trade markets far away. The third market pattern is where the state turns the SEZ into a forward position for our country in developing international trade -- a forward position for both import and export trade and entrepot trade. This market pattern is the best one for implementing the strategic principle of the state setting up the SEZs and the SEZs service the whole country. At the present stage, the Shenzhen SEZ should practice the second market pattern and conscientiously create conditions and strive to achieve a transition to the third market pattern. The precondition for the Shenzhen SEZ to conduct the second market pattern is the state's implementation of rational trade policies for the Shenzhen SEZ. In the main, we should have the following trade policies.

1. The policy on export trade. Should we utilize the Shenzhen SEZ's special advantage in being an area bordering Hong Kong, in particular the advantage of exporting fresh and live commodities, or should we restrict this export advantage? This is an issue concerning macroeconomic results. I propose that we adopt the method of tendering for production costs in export trade and resolutely implement the principle of selecting the finest goods for export. We allow those whose export costs are the lowest to export their goods first. Only by so doing can we effectively implement the principle of export competition and actually manage to award the advanced, spur the backward, and eliminate the inferior through competition.

2. The policy on entrepot trade. We should utilize Shenzhen SEZ's advantage in developing entrepot trade, including cross-border entrepot trade. In order to do that, we should draw up some new stipulations concerning our policies. From the point of view of development prospects, the relations between the Shenzhen SEZ and Hong Kong ought to become relations between two sister port cities. The two cities should utilize each other's strong points to offset their weak points, develop together, and thus form an international trade center on an even larger scale.

3. Import trade policy. We implement a policy of forbidding, restricting, or encouraging imports, depending on the different nature of those imports. In regard to a commodity whose import is banned, one unified policy should be implemented throughout the country to carry out the ban; the SEZs are no exception. In regard to the commodities for which there is an import restriction, certain preferential policies should be allowed to the SEZs and the import of these commodities should be controlled by quotas to be fixed every year.

4. The policy on the domestic sales of SEZ products. In regard to the durable consumer goods that the SEZs import for their own use and of which the state restricts the import, we should adopt policies of banning or restricting their domestic sales in other areas in light of the different nature of the goods. The commodities produced by the Shenzhen SEZ should not come under the category of commodities whose import is controlled by the state, and their sale in the domestic market should be permitted under the condition of bearing the same tax burden. The domestic market sales proportion of commodities produced by the Shenzhen SEZ using some imported components should be determined by the proportion of production costs in China-produced articles. The state should adopt a policy of encourage the Shenzhen SEZ to transfer the advanced technology introduced from abroad to inland areas.

The third level is to understand the question of why the state allows special policies for the SEZs from the point of view of the relations between the state and the SEZs. Why has the state established the SEZs? The answer is it has established them in order to attain the magnificent goal of modernization. Several decades of experience have already proven that the implementation of the system of closing the country to international intercourse and completing internal cycles in isolation does not facilitate an early attainment of the magnificent goal of the modernization of our country. However, no one is sure how we are to open up and what will be the result of opening up. Therefore, it is first necessary to have an "experimental plot." However, tilling the experimental plot is not the end but is a means. It is aimed at carrying out the "production in the field" and solving the problem of how the policy of opening up is to be implemented throughout the country.

Initial success has already been achieved in the "experimental plot" in the Shenzhen SEZ. The Shenzhen SEZ has been set up on a "barren tract of land." However, the experience provided by Shenzhen is by no means the experience of developing modern economy on a "barren tract of land." It is obviously a misunderstanding to regard the Shenzhen SEZ's successful experience as the experience of establishing economic development zones on "barren tracts of land." As this is a method that needs much input and brings slow return, a poor country should not adopt it, nor will a rich country.

Our conclusion is: SEZs are the outcome of special policies, and special policies are the lifeline for SEZs. My conclusion is: Special policies must be implemented in carrying out the policy of opening up. My conclusion is: The policy of opening up is a set state policy for our country and will never change. If there is to be any change, it should only be a change to improve it. Our SEZs are windows for our country's policy of opening up, through which foreign friends can have a clear view of our country's opening-up policy. Therefore, the SEZs will not be abolished nor will the special policies be revoked.

GOVERNMENT BODIES OUTLINE STEPS FOR 5-YEAR PLAN

HK281221 Beijing LIAOWANG in Chinese No 2, 13 Jan 86 pp 6-7

[Article by a staff correspondent: "The First Step Taken in the Seventh 5-Year Plan -- New Information From Some Ministries and Commissions under the State Council" -- first two paragraphs are LIAOWANG introduction -- capitalized passages published in boldface]

[Text] This year is the first year of China's Seventh 5-Year Plan for National Economic and Social Development. The 5 years just beginning are extremely crucial to achieving the magnificent goal set by the 12th CPC National Congress for this century. In the new year, reform remains our most important task. Last year great achievements were made in both urban and rural reforms and the requirement "be prudent in fighting the first battle and be sure to win" set at the beginning of last year have thus been fulfilled. The main tasks for this year are to consolidate, digest, and supplement the achievements of reform, to promote what is beneficial and abolish what is harmful, to solve noticeable problems so that reform can produce better results, and to conduct earnest investigations, study, and explorative experiments so as to make preparations for the successful progress of next year's reform. As the new year began, various ministries and commissions under the State Council were busy. With the Seventh 5-Year Plan just starting, they were making arrangements for the work of specific departments and fronts for this year and during the whole plan period in accordance with the state's general outline of the Seventh 5-Year Plan. We selectively publish the plans of some ministries and commissions here. Although these plans do not cover all ministries and commissions, we can already sense the coming of spring.

THE OFFICE OF SPECIAL ECONOMIC ZONES UNDER THE STATE COUNCIL -- Director He Chunlin said: During the Seventh 5-Year Plan period, China is confronted with the task of further opening up to the outside world. China's special economic zones (SEZ's) will vigorously march toward the goal of building an export-oriented economy, fulfill their function as "windows for technology, management, knowledge, and our foreign policy," and more fully exploit their pivotal role in opening up to domestic businesses and foreign investors. In 1986 China's opening up to the outside world will be carried out in a selective, orderly, staggered and exploratory way in the SEZ's -- open coastal cities and coastal economic open areas -- hinterland areas. This will promote gradual implementation of the opening-up policy in all areas by drawing upon experience gained in these key regions from coastal to hinterland areas. This will also enable us to closely link the economic development of coastal areas with that of hinterland areas, to make the best use of both domestic and foreign resources and both the domestic and foreign markets, and to promote healthier development in the socialist modernization program.

In the new year, all SEZ's should vigorously advance toward the goal of establishing an export-oriented economy. They should take the import of outward-looking industrial production projects which are technologically advanced and highly capable of earning foreign exchange through exports and promise better economic results as the priority in their construction. Open coastal areas should continue efforts to import foreign advanced technology, to strengthen the technological transformation of existing enterprises, to strive to run Chinese-foreign joint ventures and cooperative enterprises, which have approval for operation, well, and to establish economic and technological development zones in a planned and step-by-step way. Coastal economic open areas should further work out and implement their development plans in line with their own resources and strong points and according to the "trade-industry-agriculture" principle so that more competitive commodities can enter the international market.

THE STATE ECONOMIC COMMISSION -- In an article, Vice Minister Zhang Yanning said: The general economic objective China expects to achieve over the last 5 years of the 1980's, or longer, will serve as the foundation for building a modern socialist economy with Chinese characteristics. During this period, it is necessary to strive for a steady growth of the national economy. The economic work of enterprises should be carried out in line with the goals of improving performance and modernizing operations and management.

The specific plans are as follows: 1) A system under which a director or manager assumes full responsibility will be introduced throughout the country. 2) The fatal weak points of poor product quality and huge material consumption will be overcome and a set of management rules and regulations or a management system will be worked out or set up. 3) A good job will be done in managing market supplies, and a buyers market in which general supply slightly exceeds general demand will be created. 4) Close attention will be paid to the groundwork of enterprises in technical standards, quotas, measurement, statistics, basic rules and regulations, and elementary education. 5) Efforts will be made to modernize management and to apply the achievements of modern science and technology in practice so that enterprises can choose their work targets in the light of their own conditions and achieve the world, national, or regional advanced levels of the same trade by stages.

THE MINISTRY OF FINANCE -- Minister Wang Bingqian said: Financial work in 1986 will focus on striking a balance between revenue and expenditure, carrying out reforms in various fields of endeavor, and attaining better economic results. First, great efforts will be made to boost revenues and reduce expenditures and to do a worthwhile job in enterprise taxation and financial and tax departments should institute and perfect administrative rules and regulations and rigorously enforce tax laws and discipline, and at the same time, continue to control and reduce expenditures and put an end to waste.

In 1986, in our financial spending, we will prominently ensure the needs of key development projects, economic reforms, and investment in intellectual resources and increase necessary expenditure on agriculture. Second, continued efforts will be made to perfect the financial and tax systems. This year we will give a gradual regulatory tax reduction to large and medium enterprises with heavy tasks in technological transformation and production of export goods, have made great contributions to the state, and on which a regulatory tax is levied at a high rate and we will continue to steadily increase the depreciation rate of the fixed assets of enterprises. We will also take further steps in perfecting the industrial and commercial tax system, exploiting the role of taxation as an economic lever to the fullest, and improve and perfect foreign-related tax laws. Third, appropriation of special funds and financial discounts will be practiced and some key enterprises will be supported in carrying out technological transformation and importing foreign technology.

THE MINISTRY OF FOREIGN ECONOMIC RELATIONS AND TRADE -- Some new policy measures will be taken this year, such as paying keen attention to the establishment of a production system of export goods and energetically increasing the state's ability to earn foreign exchange through exports. The production of major farm and sideline products for export use will be carried out mainly in specially selected producing areas, and production bases for exports will be established. The production of industrial products for export use, including machinery and mining products will be carried on mainly by selected factories (mines) in big cities with a quite sound industrial foundation, particularly in coastal cities and mineral-producing areas, and specialized export factories (mines) will be set up. The designated export production bases and specialized factories (mines) will no longer undertake to turn out products to be sold on the domestic market for the state so that they can concentrate on gradually producing a large batch of marketable good-quality, low-cost, highly-rated brandname goods whose delivery is punctual, thus becoming the mainstay in gaining foreign exchange earnings through exports for the state. In addition, we will also tighten control over foreign trade transportation, impose strict controls on exports to Hong Kong and Macao, and strengthen antismuggling work and foreign exchange control.

THE MINISTRY OF WATER RESOURCES AND ELECTRIC POWER -- At a press conference held a few days ago, Minister Qian Zhengying dealt with the ministry's 10 tasks to be fulfilled in 1986. 1) In power construction, generating units with a capacity of 5 million kilowatts were commissioned in 1985. This figure will be doubled in 1986. 2) The Longyangxia power station, the "cock" of the Huang He ladder-like development project, will begin storing water and its first generating units will begin generating electricity. 3) Every effort will be made to ensure three or four generating units of the Gezhouba project can generate electricity. 4) The projects diverting water from the Bi Liu He to Dalian and from the Huang He to Qingdao will be completed and the project designs for the project diverting water from the south to the north are to be examined and passed. 5) The construction of the Yangzhouyong Hu Reservoir in Xizang, China's highest reservoir in above-sea-level terms, will be started. 6) Continued efforts will be made to make electricity universally available in the rural areas of a county or several counties. 7) A big step will be made in encouraging local people to set up power stations by using their own funds. The total power capacity is expected to top 10 million kilowatts. 8) People engaged in water resources and electric power work are to be urged to enhance their cultural and ethical standards. 9) Trade management will be strengthened and programs for water resources development, power development, and water resources and waterpower science and technology development will be drafted and formulated. 10) ZHONGGUO DIANLI BAO (CHINA ELECTRIC POWER NEWS) will be renamed ZHONGGUO SHUILI DIANLI BAO (CHINA WATER RESOURCES AND ELECTRIC POWER NEWS).

THE MINISTRY OF COAL INDUSTRY -- The central task of China's coal industry in the 5 years ahead is to ensure the demands of the national economy for its development, to increase coal production by 40 million tons a year, and to strive to achieve, at the completion of the Seventh 5-Year plan, a coal output of 200 million tons more than the figure in 1985. At the same time, the focus of the development of the coal industry will be shifted from concentrating on coal output in the past to attaining better economic results, improving coal quality, increasing coal product varieties, and expanding coal export.

During the Seventh 5-Year Plan period, the Ministry of Coal Industry will have the long-term target of endeavoring to change the image of China's coal industry. As the first step, the modernization of the coal industry will be significantly advanced and the rate of mechanization of the industry will reach 30 percent. Coal mines will be extensively equipped with advanced gas testing and controlling devices so as to greatly improve safety conditions in operating coal pits.

Over the next 5 years, coal development and production will be centered in Shanxi, Nei Monggol, Henan, Hebei, Heilongjiang, Jiangsu, Anhui, and Shandong. At present, as far as coal mining is concerned, the country is roughly divided into three regional belts. During the Seventh 5-Year Plan period, the coal-deficient regional belt composed of the eastern and northeastern regions of the country will step up coal extraction and reduce the influx of coal from other parts of the country. In the Shanxi energy base, the central coal base east to the Huang He will maintain a certain rate of development in coal production and increase the volume of coal shipped out to other parts of the country and the regions west to the Huang He including Shaanxi, Gansu, and Xinjiang will make preparations for the future westward shift of coal development.

THE MINISTRY OF RAILWAYS -- During the Seventh 5-Year Plan period, in railway construction efforts will be made to strengthen the technological transformation of existing railway trunk lines to rapidly increase the transport capacity of railways, and build an appropriate number of new railway trunk lines to provide the necessary staying power. The general principle for railway construction is to practice careful calculation and strict budgeting, to economize an investment funds, to improve operation, and to expand the freight volume of railways. In railway construction, we will give priority to intensive development and tapping potential. The priority in railway construction during the Seventh 5-Year Plan period is to strengthen the construction of four major thoroughfares, namely, the route for carrying Shanxi coal to other parts of the country, the main railway line linking the north and the south, the thoroughfare linking coastal port cities and the hinterland areas, and the route linking various major economic regions of the country. Through tapping potential and technological transformation, some of the railways in these four thoroughfares will be turned into electric or multiple-track railways. Meanwhile, we will build a new railway lines linking Houma and Yueshan, Shangqiu and Payang, Baoji and Zhongwei, Xian and Ankang, Nanning and Kunming, and Guangzhou and Zhangzhou. By the end of the Seventh 5-Year Plan, the combined length of railways will top 58,000 km and their comprehensive carrying capacity will amount to 1.6 billion passenger-journeys [ren ci 0086 2945]. Their freight volume will reach 1.7 billion tons.

THE MINISTRY OF AGRICULTURE, ANIMAL HUSBANDRY, AND FISHERY -- The priority of the ministry's work in 1986 is to persistently conduct sweeping reforms, to continue to readjust the rural production structure, to strengthen service work, and to promote the steady and coordinated development of agriculture.

The Seventh 5-Year Plan period is a crucial one for thoroughly restructuring the rural economy, laying a foundation for achieving a comparatively affluent living standard, and for ensuring that the rural economy will have staying power for its further development. During the period, the rural economy will be developed in an overall, coordinated, sustained, and steady manner.

To achieve this objective, in 1986 continued efforts will be made to readjust the rural production structure. What counts in this endeavor is to maintain the steady growth of grain production and to simultaneously develop the primary, secondary, and tertiary industries, with agriculture, forestry, animal husbandry, sideline occupations, and fishery as the main areas. Production of industrial crops will be carried out according to market demand in a planned way, with the stress on improving product quality. In the service sector, importance will be attached to animal husbandry and the aquatic products industry. Township enterprises will be healthily developed in line with local conditions and on the basis of doing things according to one's ability. Existing enterprises will be consolidated, their operations will be re-oriented, and their performance will be improved.

THE STATE EDUCATION COMMISSION -- The year 1986 is a year for implementing the decision of the CPC Central Committee on reform of the educational system in an overall manner. In the new year, a solid job will be done in organizing the "construction" of a 9-year compulsory education program. In elementary education, a new teaching order with teaching as the dominant factor will be established. The overall reform of primary school curricula will be strengthened. In secondary and primary school education, about 3 years will be spent in carrying out experiments for reforming ideological and moral courses in primary schools and political courses in middle schools. Continued efforts will be made to readjust work in relation to the teaching of courses in mathematics, physics, chemistry, and English.

In higher education, further readjustments will be carried out in education, curriculum, and administration and the offering of disciplines. A further step will be taken in experiments in the assessment of titles of professional posts and the implementation of a job assignment system according to titles of professional posts in institutions of higher education. A good job will be done in experimentally reforming the enrollment of students and job assignment for the graduates from institutions of higher education. Education work among postgraduates and conducted in teaching liberal arts in universities.

Energetic efforts will be made to develop vocational and technical education and adult education as well. Moreover, pedagogical education will be vigorously developed and the training of active teachers will be increased.

THE CHINA TRAVEL AND TOURISM BUREAU -- Director Han Kehua said: During the Seventh 5-Year Plan period, the bureau will concentrate on the following four construction tasks: 1) Human, material, and financial resources will be concentrated on building tourism-related projects in key tourist cities and increasing their overall abilities to handle tourists or visitors. Necessary construction projects will also be carried out in second-category tourist spots and routes so as to enhance their abilities to receive tourists or visitors. 2) Training for personnel engaged in the tourist industry will be strengthened. From now on we should start drawing up a 5-year plan and an annual plan, take effective measures, and speed up training for personnel engaged in the tourist industry so as to meet the demands of the industry's development. 3) Publicity work in tourism should be better conducted and in particular, realistic methods should be used in carrying out such work abroad. 4) Travel agencies and hotels should constantly increase their overall abilities to handle tourists or visitors, offer better service, and enhance their abilities to compete internationally.

COMMENTATOR CRITICIZES ILLEGAL LAND SALES

HK290637 Beijing NONGMIN RIBAO in Chinese 16 Jan 86 p 1

[Commentator's article: "Strictly Forbid Buying and Selling Land"]

[Text] This paper has received a number of letters of late which reveal the phenomena of buying and selling land in rural areas, a practice which should arouse the grave attention of departments concerned of all localities.

From the situations described in the letters, the methods of buying and selling land are various in some places, some buying land then selling it, some buying land and building houses on it before reselling it, others buying land for the purpose of running enterprises, still others buying land to build houses for rent; and there are organs which have acted as go-betweens for individuals purchasing land, making a profit. In short, land under public ownership has been dealt with as a privately owned commodity. The land sold used to be family plots or hill slopes, courtyards, or farmland under contracted responsibility. The methods of buying and selling land can be secret or out in the open. The some localities, it is even carried out completely in the ways of the old society, with the two parties involved signing a contract, the presence of the go-between, witnesses, and the persons who drafted the contract; and initialing ceremony, and the buyer holding a banquet when the bargain is finally made.

Particularly grave is the fact that in the buying and selling of land, some leading organs and leading cadres at county and township levels are involved. Some are buyers of land, some become go-betweens, and other draft the contracts. And that their dignified names should have gone down on those contracts! The fact that some cadres have taken the lead in buying and selling land has made the masses indignant, and they accuse those cadres, asking them what has happened to party discipline and the law of the state. When these people take the lead, others who engage in buying and selling land will have nothing to be afraid of, doing business with an ease of mind. So we can see how pernicious the influences of the practice are.

The phenomenon of buying and selling land has caused some adverse consequences in some localities. They have lost control over land administration, and precious farmland has gradually shrunk in area, which has had an effect on agricultural production. Some individuals have taken advantage in order to line their own pockets while injuring the state, the collective, and themselves in the end, causing a violation of law.

According to the stipulations of China's Constitution, the land in the rural areas, whether it is family plots, family hillslopes, courtyards or farmland under contracted responsibility, all belongs to the collective. Individuals have only the right to use it, but do not own it. The person who uses the land is forbidden to sell it, to sell it in a disguised form, to hire it out, or to transfer its use to others; neither is he allowed to build houses or to dig graves on the land under contracted responsibility, nor to injure the farmland by digging up the soil on it to make bricks or tiles. In the case of land belonging to a collective and occupied by the state for construction purposes, they must comply strictly with procedures for land requisition based on legal stipulations, and the collective should not sell its land without sanction. Relevant land decrees have made explicitly specific stipulations regarding this.

Buying and selling land without sanction is conducted in violation of the law. Departments concerned of all localities must seriously implement the relevant stipulations in the Constitution, and resolutely put a stop to the practice, in order to protect socialist collective ownership of the laboring people from being violated and to safeguard the dignity of the law.

TRADE-INDUSTRY-AGRICULTURE POLICY RECAPPED

HK270457 Shanghai SHIJIE JINGJI DAOBAO in Chinese 13 Jan 86 p 2

[Report by special correspondent Wang Yanqing: "Implementing the Trade-Industry-Agriculture Policy Is An Inevitable Trend in China's Coastal Areas"]

[Text] In an interview with this correspondent a few days ago, Bian Jiang, a responsible person in the Ministry of Agriculture, Animal Husbandry, and Fishery, stressed that China's coastal areas, suburbs of open cities, special economic zones, and border areas should give priority to the development of products which can earn foreign exchange funds through their export in the order of trade, industry, and agriculture and with international markets in mind.

Bian Jiang said that China's coastal rural areas have a comparatively solid material foundation. Particularly with the implementation of the policy of opening up to the outside world, their status and leading role in the country's agricultural production has become more noticeable. The 1984 output value of the Chang Jiang and Zhu Jiang Deltas, the Xiamen-Zhangzhou-Quanzhou triangle area in southern Fujian, and the Jiaodong Peninsula constituted 12.5 percent of the country's total agricultural output value. The area of these four regions comprises only 1.2 percent of the nation's total and their urban and rural population accounts for 6.8 percent of the country's total population.

He said that judging from world economic trends and the laws governing China's economic development, implementing the trade-industry-agriculture policy in the country's coastal areas is an inevitable trend. Recently the state has pointed out that priority should be given to the export of fresh and live commodities, processed foods, and light and textile products for a certain period in future. This means agricultural industries in the coastal areas (including township enterprises) should be wholly responsible for the task of earning foreign exchange through the export of fresh and live products, and should undertake a considerable portion of the task of earning foreign exchange funds by means of exporting processed foods and light and textile commodities.

However, Bian Jiang went on to say that because of difficulties in implementing the "trade-industry-agriculture" policy at present, leaders in some places have not paid as much attention to agriculture as they have done to industry, commerce, and foreign trade. This state of affairs should be changed as quickly as possible.

He stressed that the specific step for implementing the trade-industry-agriculture policy is to gradually build outward-oriented agricultural industries of different types and at different levels in light of different conditions. Relying on their unique conditions of bordering on Hong Kong and Macao, the Shenzhen and Zhuhai Special Economic Zones should have their own agricultural industries, which are mainly outward-oriented. In agricultural investment, stress should be placed on absorbing and using foreign capital; as far as the sale of agricultural products is concerned, priority should be given to international markets. Strenuous efforts should be made to build an agricultural industry equipped with world-advanced science and technology and managerial expertise; to gain more foreign exchange earnings for the state through exports; and to provide experience for achieving agricultural modernization. Agricultural industries in the suburbs of such open coastal port cities as Shanghai, Jianjin, Xiamen, and Qingdao should be both suburban outward-oriented. With the further development of agricultural commodity production, the amount of agricultural products shipped by other parts of the country into big cities will be greater and greater, and agriculture in the suburban areas of these big cities will steadily become more outward-oriented.

Agricultural industries in the open economic zones and zones to be opened later in the Chang Jiang Delta, the Zhu Jiang Delta, the Xiamen-Zhangzhou-Guanzhou triangle area, the Jiaodong Peninsula, and the Liaodong Peninsula should currently be both inward and outward-oriented. Efforts should be made to create conditions for them to move to the track of outward-oriented development.

Bian Jiang pointed out that the Chang Jiang and Zhu Jiang Deltas and the Xiamen-Zhangzhou-Guanzhou triangle area are regions with adequate conditions for garnering foreign exchange earnings through exports. They should pay particular attention to the export of fresh and live commodities, above all else their exports to Hong Kong and Macao, and strive to gradually enter the Japanese, Southeast Asian, and Middle East markets. He said that at present, apart from continuing to improve the quality of fresh and live commodities in the Hong Kong and Macao markets and consolidating and expanding existing markets, they should give priority to the production of top quality and high-grade vegetables, beef, fruit, seafood, and flowers and plants whose supplies are deficient in our country.

Finally, Bian Jiang said that one of the priorities in China's production and construction during the Seventh 5-Year Plan period is the enhancement of the country's ability to earn foreign exchange through exports. Earning foreign exchange through the export of coastal areas' farm produce is an important aspect of the country's work to earn foreign exchange through exports. In close cooperation with the departments concerned and local authorities, the Ministry of Agriculture, Animal Husbandry, and Fishery will strengthen macroeconomic guidance and do a particularly good job in working out the development plans for the special economic zones, the suburbs of open cities, and the open areas, so that the leading role of the coastal areas in China's efforts to open up to the outside world can be brought into fuller play.

DEVELOPMENT OF HORIZONTAL ECONOMIC TIES URGED

HK281017 Beijing GUANGMING RIBAO in Chinese 18 Jan 86 p 3

[Article by Lu Xiansheng: "Establishing Ties With 'Distant Relatives' and Neighbors - An Issue of Horizontal Economic Integration"]

[Text] At an economic and technological coordination meeting in the Zhongyuan area not long ago, mayors and commissioners of 15 cities and prefectures in the region where Shanxi, Hebei, Shandong, and Henan border one another unanimously expressed the view that in future horizontal economic integration, it is necessary to establish ties not only with "distant relatives," but also with close neighbors, and that it is necessary both to break away from regional limitations and to develop regional cooperation. This is very good. They have introduced a problem which merits attention in developing the current horizontal economic relationships.

The socialization of production and the consistent development of commodity economy have helped develop the economic relationships within a country and even in the whole world. In the modern economy, an enterprise or a region cannot be absolutely self-reliant. It cannot help but have relationships with other enterprises or regions. Production in an enterprise or a region is generally carried out with fuel, materials, and equipment from other enterprises or regions, and its products are sold to many parts of the country or even abroad. This situation determines that our horizontal economic integration and cooperation must be based on the natural relationships of the economy under the criterion of obtaining the best economic results. We should try to obtain anything beneficial to developing production and improving economic results, even if it is in the most remote area of the country; anything not needed for the development of production and which does not produce good economic results should not be obtained, even if it is close at hand. This is called establishing ties with "distant relatives."

However, establishing ties with "distant relatives" should not contradict forming relationships with neighbors. If we can find ideal partners nearby for cooperation, why should we not take the initiative in cooperating with them so as to produce good economic results for society? Generally speaking, regions bordering one other are linked by common mountains and rivers and have similar customs and close economic contacts. We should encourage these relationships and cooperate in terms of materials, funds, technology, and talented people for the purpose of bringing favorable conditions into play. The emergence of economically cooperative regions in Shanghai, south-western China, southern and central Liaoning, the Huai He, the Hai He, Bo Hai, and Zhongyuan, and the formation of various integrated bodies in recent years indicate that neighborly relationships are becoming closer.

In developing horizontal economic relationships, two ideas merit attention: one is "befriending distant regions while ignoring those nearby," that is, paying attention to economic integration and cooperation with other regions to the detriment of economic integration and cooperation in one's own region; the other is indiscriminately asserting that "distant relatives are not as good as neighbors," that is, arranging economic integration in one's own region without seeking partners in other regions. These two tendencies are not good. The correct thing to do is this: Ties should be established with both "distant relatives" and neighbors, in line with international economic relationships and economic results. Here we are required to remove barriers between departments and regions at different levels and to open various provinces, autonomous regions, large and small cities, and the rural areas to each other. In this way, we can prevent the practice of "establishing ties merely with neighbors" or "refusing to make contact even if close to each other," and will enable horizontal economic relationships to develop extensively.

YU GUANGYUAN VIEWS PLACE OF CULTURAL DEVELOPMENT

HK270935 Beijing GUANGMING RIBAO in Chinese 13 Jan 86 p 2

[Article by Yu Guangyuan: "Have a Clear Idea of the Place of Cultural Development in Social Development"]

[Text] I strongly favor forums on strategies for cultural development, and I would like to see more of such forums. We cannot confine ourselves to discussions on social development strategies. The issue of cultural development is also very important, and it is necessary to study strategies for cultural development. First it is necessary to have a clear idea of the place of cultural development in social development.

In order to address this problem, we will begin with the development of modern Chinese history. The May 4th Movement marked the beginning of the spread of socialism in China. Shortly after that, movements aimed at winning China's new democratic revolution and socialist revolution began. Thanks to these movements, we won the nationwide revolution in 1949, finished the socialist transformation of private ownership in 1956, and established our socialist system in the same year. All this was followed by a new phase of socialist construction. The construction referred to here means the building of the two civilizations. Culture and civilization can be viewed as synonymous. Socialist construction refers to socialist cultural construction; culture referred to here is culture, in its widest sense. From this, we may derive an understanding of the place of culture in socialist development.

Some people suggest that culture has both a wide and a narrow sense. I think that it has at least three senses. The third sense is neither a wide sense nor a narrow sense. It is something "in between." I am suggesting that apart from "education, science, literature, and art," there are other things in people's material and spiritual lives and social relations that can be referred to as cultural activities.

This means that in addition to education, science, literature, and art, there are other cultural activities, such as eating, drinking, dressing, architecture, the use of daily necessities, public health and sanitation, sports, entertainment, and so on. There are also cultural activities in interpersonal relations, in intrafamilial and interfamilial relations. I think it is necessary to discuss the problem of culture in the "in-between sense." This discussion can help us culturally enrich all aspects of social life, enable cultural activities to play a more important role in all aspects of social life, and help us teach all members of our socialist society to improve their cultural quality through social activities. Of course, we will not overlook the importance of education, science, literature, and art.

The purpose of socialist construction is to meet the people's growing material and cultural needs. Naturally, there are many cultural needs. After the people's material needs have been satisfactorily met, their cultural needs will grow. In the economically developed areas along China's coast, people look forward anxiously to cultural development.

Next, we will discuss culture in a narrower sense which, according to the report to the 12th CPC National Congress, "refers to undertakings such as education, science, art and literature, the press and publication, broadcasting and television, public health and physical culture, and libraries and museums, as well as the raising of the level of general knowledge of the people." It can be seen from the above that both the features of a spiritual civilization as well as media are covered. At this point, the problem of defining the essence of a culture enters my mind. A culture is something created by the human race through its labor. However, not all things that have been created can be referred to as culture. A defining characteristic of human culture is perseverance from generation to generation. In modern societies, as a result of the development of information services and various media, those things disseminated by mass media have become another defining characteristic of a culture. The elucidation of the importance of culture in a narrow sense is an important feature of, as well as a starting point for, discussions on cultural development strategies.

At this point, we should devote some effort to discussing the problem of the relationship between social ideologies and cultures. They are different things. Some social ideologies, such as superstitious beliefs, are not products of cultural development. They are products of the development of foolishness and barbarism, which are antithetical to culture. However, modern social ideologies, socialist ideologies in particular, are inseparable from various cultures. Socialist ideologies are cultural products. First, as the crystallization of all human cultures, Marxism is the most important ingredient of a socialist ideology. A socialist ideology is formed by two types of things. The first type encompasses various social viewpoints, including philosophical viewpoints, political viewpoints, economic viewpoints, cultural viewpoints, artistic viewpoints, ethical viewpoints, religious viewpoints, and so on. The other type concerns social ideologies, such as art, ethics, and religion, and are not viewpoints. Together with philosophy, they were referred to by Engels in "Feuerbach" as four social ideologies. Marxist philosophical, political, economic, and cultural viewpoints are all cultural products as well as products of scientific research. They are all socialist ideologies. Socialist art and ethics are not viewpoints. Thus, they differ from the above viewpoints or systems of these viewpoints. However, on the one hand, since they have come into existence and developed with the hope of Marxism (their relationship with a culture was discussed in a preceding paragraph), they are inseparable from culture. On the other hand, there are also cultural elements in art and ethics. Thus, it is logical to regard socialist ideologies as a component of a socialist spiritual civilization or culture. In a socialist spiritual civilization, Marxism is the most important thing. It is the nucleus of a socialist spiritual civilization.

Cultural development is inseparable from, and must be based on, economic development. There has never been a single case of a highly developed culture not based on economic development. We can take the development of China's cultural undertaking as an example. China's economic development gives impetus to, and conditions, its cultural development. This is just one facet of the relationship between an economy and a culture. Another facet of this relationship is the impetus given to economic development by cultural development. As far as education, science, and technology are concerned, an increasing number of people have come to a realization and better understanding of the significance of this impetus. People are increasingly aware that advanced products materially represent an advanced spiritual civilization. However, they rarely study or publicize the impetus given to economic development by other cultural activities, and their understanding of this problem is far from adequate. We should devote further efforts to studying this problem and to propagandize it because of its importance in studying strategies for cultural development.

Both our cultural development and economic development depend on successful reform management. The reform of cultural undertakings is a complicated issue and I will not discuss it here. As for management, my definition is that "management is a social practice which directly yields results." Thus, we should compare "cultural management," which yields "cultural results," to "economic management," which yields "economic results." However, in cultural undertakings, there is also the problem of "economic management." This means that even cultural undertakings without income have the problem of producing cultural results with the minimum amount of labor. Thus, there is such a discipline as "cultural economics," highlighting the intersection of economics and cultural studies. Studies of subjective actions should be focused on the problem of "cultural management," which is inevitably linked to "economic management." "Economic management" in cultural work has special characteristics. One of these special characteristics is that this "economic management" is carried out "culturally." In working out strategies for cultural management, we should give serious thought to these problems.

HU YAOBANG COMMENDS FACTORY FOR SERVICE

OW281051 Beijing XINHUA Domestic Service in Chinese 1435 GMT 27 Jan 86

[By reporter Zhang Gaopeng]

[Excerpts] Shanghai, 27 Jan (XINHUA) -- Shanghai grinding wheel factory has worked hard to earn foreign exchange for the state by ensuring fulfillment of export tasks, although export profits were lower than those of domestic sales. Comrade Hu Yaobang fully approved of this placement of state interests above everything else, and pointed out: "We must have a policy to encourage such enterprises." Recently, the factory's staff and workers wrote a letter to Comrade Hu Yaobang to report on how they worked hard to increase exports in 1985 and on their future targets.

The factory full accomplished its tasks of exporting emery cloth, sandpaper, and other products in 1985, earning \$5.14 million in foreign exchange, or \$4,000 per employee, making it one of the top foreign exchange earners of China's lathe and tool industry.

Due to price hikes in cotton cloth and other raw materials in recent years, production costs for emery cloth have greatly increased. In addition, export prices have been limited on the international market. As a result, export profits are considerably lower than those of domestic sales. According to initial estimates when drawing up last year's production plan, the factory would lose more than 2.4 million yuan in revenues as a result of exports. Realizing that exports would affect the factory's revenues and the workers' welfare and bonuses, the notion that making export products was not in the interest of the factory began to spread among some comrades, who suggested that exports be reduced.

The factory's party committee and leaders held a joint meeting to discuss the problem. Yuan Yaozhu, secretary of the factory party committee, said: The state is still considerably short of foreign exchange. We must put the state's interests above everything else and do our share in earning foreign exchange for the state, even if this means that we have to suffer some losses. Xu Rufa, deputy director of the factory, said: We must not cut down on or give up exports just because our factory would earn less profits. We will lose our established international markets if we do so. Other comrades expressed their support for the two leaders.

With the leading body having achieved unified understanding, the factory held a meeting of intermediate-level cadres and one of staff and workers, which decided to launch educational activities in various forms to ensure fulfillment of export tasks despite obviously lower profits. Comrade Hu Yaobang learned about the factory's situation from internal material [nei bu cai liao 0355 6752 2624 2436], and he approved of what the factory has done. He specifically pointed out that we should have a policy to encourage such enterprises.

ZHAO ZIYANG STRESSES QUALITY IN TOURIST INDUSTRY

OW291950 Beijing XINHUA Domestic Service in Chinese 1430 GMT 29 Jan 86

[Text] Beijing, 29 Jan (XINHUA) -- The tourist industry should be an important component of China's economic construction. We should regard the development of the tourist industry as an aspect of our national economic development strategy and include it in our national economic development plans. This is what Premier Zhao Ziyang said on the afternoon of 27 January when he received some representatives attending a national conference on tourism.

Zhao Ziyang also pointed out in his speech: In order to develop the tourist industry, we should pay attention not only to "hardware," but also to "software." We have already paid attention to "hardware," such as hotels, airports, and highways. However, we have not yet paid sufficient attention to "software," meaning the quality of tourist service personnel, the management of tourism, and the quality of tourist service. In other words, we have not paid enough attention to such questions as: how good the service personnel should be, how much we should develop the tourist industry, and what results we should expect from tourism in the future. Both the "hardware" and the "software" of our tourist industry are poor, particularly the "software."

Zhao Ziyang said: During the initial stage of the tourist industry, we must pay attention to training personnel and make efforts to build a good work force and foster a fine work style. If the hotels are well built but their management is very poor and fraught with unhealthy practices, it will be very difficult to expect good operation from them. The State Tourism Bureau should make great efforts to study this problem. In the subsequent course of developing the tourist industry, the leading departments at all levels should attach prime importance to improving "software," such as the quality of the work force, including tourist guides, service personnel, and management personnel, and the quality of management and services. First of all, we should resolve to properly run schools for tourist service personnel. If we lay a foundation in this respect and have qualified personnel trained, our tourist industry will grow in a healthy and solid way.

Zhao Ziyang emphasized: The development of the tourist industry has both quantitative and qualitative objectives. First, we should ensure good quality to make China's tourist industry enjoy a good international reputation. The key to good quality of tourism lies in good quality of personnel and in training qualified personnel.

The national conference on tourism, held by the State Council, closed in Beijing on 28 January.

HU QILI, HAO JIANXIU MEET RUSTICATED YOUTH

OW290626 Beijing XINHUA Domestic Service in Chinese 1412 GMT 28 Jan 86

[By reporters Shao Quan, Huang Zhimin]

[Excerpts] Beijing, 28 Jan (XINHUA) -- Amid rousing welcome and praise by the people gathered in the music hall of the Beijing Zhongshan Park today, members of the Shanxi report group told the people of the capital today how they started their careers and matured in Shanxi. The group, called "Good Children Having Lofty Aspirations in All Parts of the Country," is comprised of 12 young people of Beijing and Tianjin who have gone to work in the rural areas of Shanxi Province.

Hu Qili, Li Peng, Hao Jinxu, and Zhang Jingfu, as well as leading comrades of the Beijing municipal party committee and the municipal government, had a cordial meeting with the group members and posed for pictures with them. They urged the group members to persist in working in the countryside and mountainous areas and make new contributions to the country's four modernizations drive.

Speaking at the meeting, Hao Jianxiu praised the young people from Beijing and Tianjin for supporting and taking part in socialist construction in all parts of the country and for their spirit of working hard with people in combating all sorts of difficulties. Hao Jianxiu said: It has been a glorious tradition of Chinese young people from big cities to support the construction in the interior and frontier areas of the country. Since the founding of the republic, 1 million young people of the capital have gone to the nation's frontier and interior areas to take part in revolution and socialist construction.

Hao Jianxiu pointed out: It is right for young people with lofty aspirations to support the construction of the interior and frontier areas, and this course should be fully reaffirmed. Today, some people have pointed out that the rustification of young people is a product of the "Great Cultural Revolution," and since the "Great Cultural Revolution" has been thoroughly discredited, the rustification of young people should also be discredited. This is a highly erroneous conception. Rustification of educated youths is a policy that was adopted before the "Great Cultural Revolution," and we will continue to adhere to this course, which we have pursued all along. In future, large-scale construction supporting the rural areas and frontier regions will continue to be a glorious responsibility history has given to young people with lofty aspirations.

Hao Jianxiu urged young people that during the four modernizations, they should have the courage to bring forth new ideas and stand on the forefront of reform, and they should also be good at bringing forth new ideas, always proceeding along the right track, and working hard to become an ethical and educated person with lofty ideas and a high sense of discipline.

Hao Jianxiu also urged all localities and party and government organs at all levels to pay attention to the rusticated youths' growth; earnestly help them deal with the real problems in their work and livelihood; pay attention to heightening their political consciousness and educational level; create a favorable environment for them; help them solve problems so they can become proficient personnel; encourage them to become more capable personnel in the course of socialist material and spiritual construction; and set an example in contribution to the prosperity of the country and the people.

FANG YI ON TRAINING TRADITIONAL PHARMACISTS

OW302040 Beijing Domestic Service in Mandarin 1200 GMT 29 Jan 86

[Text] According to our reporter Wang Juiting, Fang Yi, member of the Political Bureau of the CPC Central Committee, said this afternoon at the opening ceremony of (Guangming) Correspondence College of Traditional Chinese Pharmacology: At present the lack of many kinds of traditional Chinese medicines and the inadequate number and poor quality of traditional Chinese pharmacists are striking problems that must be resolved by medical, pharmaceutical, public health, and education circles.

Fang Yi said: The party Central Committee and State Council attach great importance to the development of traditional Chinese medicine and pharmacology. Since the 3d Plenary Session of the 11th CPC Central Committee, considerable progress has been made in this work. The establishment of the correspondence college on traditional Chinese pharmacology is a good action to meet the urgent needs of society and should be supported by all communities.

Fang Yi stressed: The correspondence course in traditional Chinese pharmacology is much more complicated and difficult than correspondence courses in liberal arts. To successfully run this institution of higher learning without walls, it is imperative to ensure the quality of education. While focusing on traditional medicine and pharmacology as its main content, the course should include the study of the distinctive characteristics of medicinal herbs. In running the school, constant efforts should be made to review experience and improve the school's work so as to train traditional pharmacists who can meet the actual requirements.

It has been learned that there are some 320,000 staff members and workers in the traditional Chinese pharmaceutical trade in our country, but traditional pharmacological technicians only account for less than 1 percent of this figure.

HU QIAOMU ATTENDS BEIJING SYMPHONY CONCERT

SK300808 Beijing BEIJING RIBAO in Chinese 19 Jan 86 p 1

[Text] On the evening of 18 January, amid the musical composition of "Dunhuang Dream," full of rough and unrestrained feeling, and the ebullient and majestic Third Symphony (Eroica) of Beethoven, the Beijing Symphony Orchestra presented its first performance since its establishment, opening a new chapter in the orchestra's annals.

Hu Qiaomu and Rong Yiren attended the concert to extend their congratulations on this occasion. Also attending the first performance were Rong Gaotang, Lin Mohan, Zhu Muzhi, Jiao Ruoyu, Jin Jian, Xu Weicheng, Bai Jiefu, and Lu Yu; and full-time music workers and music lovers, a total of more than 1,000 persons.

Prior to the concert, Chen Haosu, vice mayor of Beijing Municipality, delivered a speech in which he stated: Along with the steady upgrading of the cultural and educational standards of the people in the municipality, music will generally infiltrate into the people's daily life day by day. The newly established Beijing Symphony Orchestra should saturate the increasing demands of the masses and enrich their life with colorful and majestic contents in order to increase their lofty temperament and interest. The concert was conducted by Li Delun, honorary head of the municipal orchestra.

DENG LIQUN ATTENDS MASS CONCERT IN BEIJING

OW300247 Beijing XINHUA Domestic Service in Chinese 1549 GMT 29 Jan 86

[Text] Beijing, 29 Jan (XINHUA) -- Deng Liqun, member of the CPC Central Committee's Secretariat, Zhu Muzhi, minister of culture, Ding Guangen, minister of railways, and Wang Xun, secretary of the Secretariat of the All-China Federation of Trade Unions, viewed the performance of the "Voice of the Locomotive" mass music group this evening in Beijing. They warmly greeted this blooming flower of mass literary and art work.

The "Voice of the Locomotive" mass music group was formed on the basis of the mass singing activities at all the basic-level railway units in Beijing. About 3,500 railway staff members and workers took part in this evening's performance. Most of the songs were of their own composition. Some of the songs reflected fervent efforts to promote the socialist material and spiritual civilization in the railway department; others depicted railway staff members' and workers' endeavors in promoting the four modernizations; still others showed railway workers' pursuit of ideals; all had a profound mass foundation and were very inspiring.

CENTRAL LEADERS MOURN PASSING OF JURIST

OW300614 Beijing XINHUA Domestic Service in Chinese 1316 GMT 29 Jan 86

[Text] Beijing, 29 Jan (XINHUA) -- Comrade Wang Zhixiang, a noted jurist of our country, died of illness in Beijing on 16 January at age 96. A ceremony was held at the Beijing Hospital this afternoon for people to pay their last respects to his remains.

Wreaths were sent to the ceremony by Peng Zhen, Deng Yingchao, Nie Rongzhen, Hu Qiaomu, Liu Lantao, Lu Dingyi, Cheng Zihua, Xu Deheng, Yan Jici, Yang Jingren, Kang Keqing, Ji Fang, Zhuang Xiquan, Pagbalha Geleg Namgya, Hu Ziang, Qian Changzhao, Dong Qiwu, Tao Zhiyue, Yang Chengwu, Chen Ziadao, Lu Zhengcao, Zhou Peiyuan, Burhan Shahidi, Miao Yuntai, Wang Guangying, Deng Zhaoxiang, Fei Xiaotong, Zhao Puchu, Ye Shengtao, Qu Wu, Ba Jin, Ma Wenrui, Mao Yisheng, and Liu Jingji, as well as the CPPCC National Committee, the United Front Work Department of the CPC Central Committee, and the Central Committee of the Jiusan Society.

More than 300 people attended the ceremony, including Hu Qiaomu, Yan Jici, Yang Jingren, Qian Changzhao, Burhan Shahidi, and friends of Comrade Wang Zhixiang.

A native of Suizhong County, Liaoning Province, Wang Zhixiang taught jurisprudence for a long time before liberation. After liberation, he took part in drawing up the Constitution, the criminal law, and other laws and regulations and compiled or wrote such monographs as "On International Law." Before his death, he served as member of the Sixth CPPCC National Committee, member of the Central Committee of the Jiusan Society, and adviser to the Beijing Municipal Committee of the Jiusan Society.

HU QIAOMU ARTICLE COMMEMORATES HU YUZH1

HK280855 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 23 Jan 86 p 2

[Article by Hu Qiaomu: "Selfless and Fearless, He Served the Country Until Death -- Deeply Mourning Comrade Hu Yuzhi"]

[Excerpts] Comrade Hu Yuzhi was a vice chairman of the NPC Standing Committee and acting chairman of the China Democratic League.

He was an outstanding revolutionary who courageously struggled all his life for the cause of the people's democracy, national liberation, and social reform, and an important forerunner in China's progressive cultural publication undertakings. His unfortunate death from an illness represents a serious loss to our party, state, and people. We deeply grieve the loss of a loyal communist fighter who dedicated his life to the cause of China's revolution and construction.

After the founding of New China, he started GUANGMING RIBAO, China's first newspaper reflecting the demands of intellectuals. During his term of office as head of the general publications administration, he also set up a complete set of new, socialist publication institutions to publish a large number of revolutionary, progressive books and periodicals, as well as informative reading matter. He made indelible contributions in various ways such as developing people's diplomacy, popularizing Esperanto, and promoting the reform of our country's writing system. Particularly when he presided over the long-standing practical work of the China Democratic League, he faithfully followed the party's principles and policies on united front, was good at cooperating with nonparty comrades and listening to the views and demands of intellectuals, and dared to speak out for the interests of intellectuals. He opened up a new situation for the progress and development of the China Democratic League and worked conscientiously, bending his back to his tasks until his dying day. For many years he was a member and later a vice chairman of the NPC Standing Committee. He was bold in advancing suggestions beneficial to the state and the people and contributed greatly to the building of China's legal system and political power.

Comrade Hu Yuzhi was a good example of being never too old to learn and work. After the 3d Plenary Session of the 11th CPC Central Committee, he was inspired with revolutionary enthusiasm. He wholeheartedly supported the party's line, principles, and policies and the major policy decision of invigorating the domestic economy and opening up to the outside world. In an article written shortly before his death, he said: In the forthcoming year of 1986, we should carry out two tasks well: One is to persist in reform and to forge ahead, and another is to conscientiously study Marxist theory. Although he was advanced in age, he persisted in studying Marxist theory and concerned himself with state affairs. He paid particular attention to helping young comrades undertake work in "frontline" posts. He taught them by personal example as well as verbal instruction in the hope that they would be able to succeed in the revolutionary cause.

After the start of party rectification, he indicated on numerous occasions that he would sum up his life's career to see what was right and what was wrong and that by going so he would be able to give an account of himself to the party. He never talked about his merits and achievements in history. Shortly before his death, at the request of the Commission for Collecting Party Historical Data, he gave an oral account of historical data totaling more than 60,000 characters. In addition to narrating his personal historical experience, he paid more attention to summing up his shortcomings. He said: "This can be regarded as my personal summation which I hand over to the party in party rectification." What a lofty idea this was! Comrade Hu Yuzhi's life was one of faithfully and ceaselessly struggling for the party's cause; it was a fighting life, a revolutionary life. He was worthy of the glorious title of outstanding CPC member and loyal communist fighter. He was an excellent example of China's intellectuals dedicating themselves to the cause of communism.

SCIENCE ACADEMY OUTLINES RESEARCH TASKS

OW260950 Beijing XINHUA in English 0827 GMT 26 Jan 86

[Text] Beijing, January 26 (XINHUA) -- The Chinese Academy of Sciences will give priority to 32 nationally promoted research projects during the Seventh Five-Year Plan period (1986-1990), Lu Jiaxi, president of the academy, announced at a meeting here today.

I. 31 Jan 86

K 26

CHINA
PRC NATIONAL AFFAIRS

In next five years, the academy will set up four pilot projects for bio-engineering, new chemical materials, robots and coal chemical engineering. In information sciences, the academy will focus on microelectronic technology, computer systems, data banks and communications networks, laser and robot research. The aim is to master technologies of producing integrated circuits of one micron designation, computer aided designs and second-generation robots.

In bio-technology, the academy expects to complete the research and experiments on B-type hepatitis vaccine, growth hormone genes of domestic animals, fish cell engineering, and some of the scientific findings will be put into production.

Other scientific research projects will cover non-crystal materials, structural ceramics, fluoride plastics, and new technology for coal and oil extraction, offshore petroleum projects and renewable energy development.

President Lu also listed the academy's tasks in basic research, with a view to preparing technological reserves for the country's economic construction in the 1990s. The academy, he said, will complete the construction of the electron-positron collider in Bijian, the heavy ion accelerator in Ganzhou, a 2.16-meter-diameter astronomical telescope in Shanghai, and build a number of experimental stations of biology and earth sciences.

SCIENCE, TECHNOLOGY 'WHITE BOOK' TO BE PUBLISHED

OW290836 Beijing XINHUA in English 0658 GMT 29 Jan 86

[Text] Beijing, January 29 (XINHUA) -- "A Guidebook to China's Science and Technology Policy", also called "The Science and Technology White Book", will be published annually beginning this year. Sources concerned told XINHUA this is the first time that China will publish such a document, which will be compiled by the State Science and Technology Commission, printed by the publishing house of science and technology documents and distributed by the XINHUA Bookstore.

The book will include topics such as: policies, developments and new trends in science and technology; organizations, staffing, and budgets; key research projects; new technology, major breakthroughs, and technological markets; and international cooperation, and patents. The first guidebook is 280 pages long and will be published this July.

ANHUI GOVERNMENT URGES STUDY OF LEADERS' SPEECHES

OW291045 Hefei Anhui Provincial Service in Mandarin 1100 GMT 26 Jan 86

[Excerpts] According to an ANHUI RIBAO report, on 22 January the leading party group of the provincial government called a meeting of all its members and of responsible comrades of leading party groups of all commissions and offices of the provincial government, urging them to study seriously the speeches of Hu Yaobang and other central-level leading comrades made at the recent meeting of cadres of central organs.

Wang Yuzhao, secretary of the provincial government's leading party group and governor of the province, chaired and addressed the meeting. He said: The speeches made by the central-level leading comrades are of far-reaching significance in that they enable us to understand correctly the current situation and the importance of reform, to play a leading role in rectifying party style, and to do a still better job in the last 5 years of the 1980's. We must proceed from reality and make a correct assessment of our work. We realize that our party style is by and large good, that the vast majority of our party members and cadres are good or comparatively good, and that they have done a great deal of fruitful work toward the fulfillment of the party's general task for the new period. However, we still have many shortcomings. There are still instances indicating varying degrees of unhealthy party style. The several manifestations of unhealthy tendencies pointed out by the leading comrades at the central level can also be found here. What is more, these unhealthy tendencies are rather serious in certain units and among some people. We must understand deeply that it is of utmost importance for leading cadres and organs to rectify party style, and that we must take the initiative in improving the style of our leading organs.

Comrade Wang Yuzhao pointed out: To rectify party style, we must, first of all, make a good conscientious effort to study the speeches of the leading comrades at the central level. It is imperative that we concentrate on studying the speeches for a certain period. Through such study, we will have a correct understanding of the current situation and of the importance of reform. We must note that our problems concerning party style, although they do not represent the principal aspect of our situation, are very harmful, indeed. It is imperative to correct them.

Comrade Wang Yuzhao further pointed out: In studying the speeches, we must examine ourselves by comparing what we do with what we must do according to the speeches. We must correct our mistakes while carrying out study. As for the few individuals who really have serious problems, it is imperative to clarify their cases through investigation and take a stern attitude in dealing with them according to the nature of their problems and the severity of their cases. Serious criminal offenders must be punished severely according to law. However, we should refrain from subjecting everyone to investigation and making a terrific din.

Wang Yuzhao added: Throughout the study, we must be bold and resolute. Once a problem is discovered, we must persist in correcting it instead of waiting. The provincial government should pay attention to its weaknesses, and should study and establish rules and regulations to correct the shortcomings and improve the style of its various departments.

Comrade Wang Yuzhao stressed: Study of the speeches of the central-level leading comrades must be linked with the provincial government's actual work. We must see to it that through study of the speeches, our work in all fields is pushed ahead and the quality and efficiency of our work are improved.

I. 31 Jan 86

0 2

PRC REGIONAL AFFAIRS
EAST REGION

Comrades Meng Fulin, Zhang Dawei, Wang Houhong, and (Liao Huaisui), members of the leading party group of the provincial government, also spoke at the meeting. Other speakers at the meeting were responsible comrades of the leading party groups of various commissions and offices of the provincial government.

In his speech, Comrade Meng Fulin hoped that the comrades participating in the meeting would observe the principle that leaders should be the first to foster a good style and observe discipline. The participants unanimously expressed the resolve to take concrete action and set an example for everyone in the province in rectifying party style.

FUJIAN'S XIANG NAN AT MILITARY DISTRICT MEETING

OW290603 Fuzhou FUJIAN RIBAO in Chinese 17 Jan 86 p 1

[Text] "Units stationed in Fujian must carry forward the glorious tradition and take the lead in helping improve the general mood of society," emphasized Comrade Xiang Nan, secretary of the Fujian Provincial CPC Committee and first secretary of the party committee of the Fujian Provincial Military District, at the plenary meeting of the military district party committee today.

To implement the instructions of the party Central Committee and the Central Military Commission that military units should lead the van in rectifying party style, to review its work done last year, and to plan and make arrangements for this year's tasks, the Fujian Provincial Military District party committee held its first plenary meeting after streamlining and reorganization from 13 to 15 January.

Comrade Xiang Nan briefed the meeting on the excellent situation of Fujian's economic development and highly praised the units stationed in Fujian and the commanders and fighters of the Fujian Provincial Military District for their contribution to defending the four modernization drive and invigorating Fujian's economy. Comrade Xiang Nan said: Military work cannot be weakened and can only be strengthened under the new situation. Units stationed in Fujian, the Fujian Provincial Military District, and the People's Armed Force Department must remain alert as usual, be prepared at all times, conduct military training well, improve their military quality, and defend the four modernizations campaign. Attention must be focused on developing Fujian's advantageous mountains, seas, and being the home province of many Overseas Chinese. The military must understand well and make full use of mountains and seas, construct the "Eight Bases," and build well the home province of Overseas Chinese. In line with the new situation of opening to the outside and restructuring, the military must take lead in improving the general mood of society. In Danyang, Shishi, Meishan, and Shishan, the military and civilians cooperated well in local construction. Good conditions in these places attracted Overseas Chinese to contribute to further construction of their home towns. Abroad, these Overseas Chinese become our eloquent, convincing apologists.

Zhang Zongde, commander of the provincial military district, pledged at the meeting to build the units well, effectively rectify party style, and make greater contributions to revitalizing Fujian.

During the 3-day meeting, the Fujian Provincial Military District party committee discussed the central agenda item on how to strive for a fundamental turn for the better in party style and eventually formulated five measures for that purpose.

HAN PEIXIN GREETES JIANGSU WRITERS MEETING

OW300103 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 28 Jan 86

[Excerpts] A membership meeting of the Jiangsu Chapter of the Chinese Writers' Association opened this morning in Nanjing. Over 400 writers will be discussing the great task of developing the province's socialist literature at this meeting, which is the first grand gathering held by the chapter since it was founded.

Present at the meeting as guests were members of the Central Advisory Commission Jiang Weiqing and Liu Shunyuan; leading comrades of our province Han Peixin, Shen Daren, Sun Han, Sun Jiazheng, Hu Fuming, Chu Jiang, and Yang Yongyi; responsible comrades from mass organizations in our province; and veteran comrades, including Guan Wenwei and Bao Houchang.

Han Peixin, secretary of the provincial CPC Committee, greeted the gathering in an address on behalf of the committee. He expressed the hope that party committees and governments at all levels would further improve the style of leadership over the work of literature and create more favorable social and political environments for writers to ensure that their wisdom and talent will be brought into full play. He said: On the question of literary creation, it is not only necessary to pay attention to the social benefits of their works and emphasize the importance of their sense of responsibility to society. Our writers must go deep into the real life and step up their efforts to study so that they will continue to increase their theoretical knowledge and improve their literary proficiency and turn out works that are worthy of being called the great works of literature of our times.

On behalf of the Chinese Writers' Association, Tang Dacheng, secretary of the association's leading party group, also delivered a message of greetings at the meeting.

JIANGXI'S WAN SHAOFEN PRESENTS SCIENTIFIC AWARDS

OW290545 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 25 Jan 86

[Excerpt] The provincial people's government held a meeting at Binjiang Guesthouse in Nanchang this afternoon to present awards to outstanding 1984 scientific and technological projects. Wang Shaofen, secretary of the provincial party committee, attended the award meeting. Also present were Liu Fangren and Xu Qin, deputy secretaries of the provincial party committee; Wang Zemin, vice chairman of the provincial People's Congress Standing Committee; and Qian Jiamin and (Chen Guisun), vice governors.

WAN SHAOFEN ATTENDS JIANGXI RURAL WORK MEETING

OW291135 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 27 Jan 86

[Text] According to a report by our reporters Qian Rui and Zeng Ai, a provincial rural work meeting opened yesterday in Nanchang. The main purpose of the meeting is to relay and put into practice the guidelines of the central rural work conference, to study Document No 1 of this year of the CPC Central Committee and Document No 1 issued by its General Office, to analyze and study the new situation and problems encountered in the province's rural reform and economic development, and to discuss and plan the rural work for 1986.

This afternoon's session was attended by Wan Shaofen and Xu Qin, secretary and deputy secretary respectively of the provincial CPC Committee; Pei Dean, Wang Baotian, and Lu Xiuzhen, members of the Standing Committee of the provincial CPC Committee; Zhao Zengyi and Wang Shixian, chairman and vice chairman respectively of the provincial Advisory Commission; and Sun Xiye, vice governor. The representatives to the meeting and responsible comrades of provincial departments concerned, numbering more than 500 in total, listened to a report entitled "Carry Out Intensive Rural Reform and Promote the Sustained, Steady, and Coordinated Development of the Rural Economy," delivered by Xu Qin, deputy secretary of the provincial CPC Committee.

Vice Governor Sun Xiye also addressed this afternoon's session.

RUI XINGWEN ADDRESSES SHANGHAI RURAL WORK FORUM

OW241209 Shanghai City Service in Mandarin 0100 GMT 23 Jan 86

[Excerpts] Rui Xingwen, secretary of the Shanghai Municipal CPC Committee, addressed a municipal conference on rural work on 22 January. He urged cadres to acquire new knowledge and ideas and gain a correct understanding of the new situation in reform and the new changes taking place in the industrial structure in Shanghai's suburban areas. He urged them to exert efforts to promote the development of grain and fodder crops, two weak links. He also called on them to implement the policy of using the profits of industry to subsidize agriculture in order to ensure a sustained, steady, and balanced economic development in the suburbs.

Speaking of the trend of development in the suburban area, Rui Xingwen said: As a result of reform, crop cultivation and aquaculture have grown in scale and become more scientific and efficient. This has led to changes in the setup of labor force and the means of production, with more land and livestock concentrated in the hands of large or joint households, the embryonic form of Chinese-style family plantations. This development opens up new prospects for large-scale agriculture, with more stress on specialization, commercialization, and modernization, in Shanghai's countryside. He also pointed out: The suburban areas should achieve self-sufficiency in food grain supply and should provide urban residents with adequate supply of nonstaple foodstuffs. Efforts should be made to further promote commodity circulation and step up the second-stage reform in the rural areas.

Rui Xingwen urged all industries and trades to support the economic and cultural construction in the suburban areas. He said that the scientific-technological front should raise the level of support to agriculture, as should the cultural, educational, public health, and industrial fronts.

ZHEJIANG'S WANG FANG ADDRESSES STUDY MEETING

OW250549 Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 23 Jan 86

[Excerpt] According to a ZHEJIANG RIBAO report, the provincial Advisory Commission held an enlarged meeting of its Standing Committee in Hangzhou from 9 through 22 January. The meeting's participants earnestly studied the party Central Committee's relevant instructions, discussed questions concerning intensifying the building of spiritual civilization and ideological and political work and improving party style, and mapped out a work plan for the provincial Advisory Commission in 1986.

Tie Ying, chairman of the provincial Advisory Commission, presided. Wang Fang, secretary of the provincial party committee, called on the meeting participants and spoke to them.

In his speech, Wang Fang first gave a positive evaluation of the work of the commission over the past year, and urged the commission's veteran comrades to do a good job in study and investigation in order to continue to offer good advice to the provincial party committee. He also wished them good health and a long life.

Comrade Wang Fang then made a clear exposition on the current situation, this year's reforms, and party style based on reality in Zhejiang. He said: Correctly understanding and analyzing the situation is the ideological foundation for persistent reform in accordance with the party Central Committee's line and policies. Reform must be carried out over the entire period of the Seventh 5-Year Plan. Reform should continue to be top priority in economic work this year. To fundamentally improve party style is the common aspiration of all party members. All Communist Party members, party cadres in particular, should unify their thought and action on the basis of the party Constitution. Only by doing so, can a fundamental improvement in party style be achieved.

GUANGXI CIRCULAR ON EXAMPLES IN CORRECTING STYLE

HK290849 Nanning Guangxi Regional Service in Mandarin 1100 GMT 26 Jan 86

[Excerpts] The regional CPC Committee recently issued a circular, demanding that organs at the regional level set an example in correcting party style.

The circular points out: Organs at the regional level must play a specific, organizational, and pivotal role in all aspects of work in the region. Whether the organizational work is good or bad and whether the pivot works well or not, has an extremely important bearing on whether all aspects of work in our region can be done well or not and on the bringing about of an upswing in Guangxi's economy as soon as possible. Therefore, to correct party style in the whole region, organs at the regional level must be in the van and set an example for the whole region. It is demanded that party, government, and mass organs in the region and party member leading cadres take the lead and that all levels grasp this work well so as to strive for noticeable improvement of party style in organs at the regional level this year.

The circular demands that the following problems be solved well:

1. It is necessary to seriously study the speeches of leading comrades of the central authorities and to further enhance understanding of the importance and urgency of correcting party style.
2. To correct party style and unhealthy trends, leadership organs and cadres at the regional level must first take the lead. In accordance with the practical situation of organs at the regional level, they must now seriously examine liberalism politically, ultraindividualism ideologically, and bureaucratism in work. Economically, we must lay stress on: the investigation and handling of the problems of illegal dealings in foreign exchange; of lining one's pockets with public funds or other people's money; of indiscriminately issuing loans; of taking advantage of issuing loans to pursue private ends; and of causing serious and large losses to the state; the serious problems of six aspects of organ's work style which are put forward by the circular of the general offices of the central authorities and State Council; and the problems of state cadres occupying land for the purpose of building private houses. It is necessary to commend and encourage the units and individuals who score outstanding achievements in correcting party style and unhealthy trends and to promptly readjust, or dismiss and replace, those leading cadres whose own work style is seriously wrong and who refuse to correct it, or who do not correct unhealthy trends vigorously enough and are really incompetent.
3. It is essential to seriously do well in grasping the thorough investigation and severe handling of large and serious cases. Leading cadres must implement the system of responsibility for correcting work style. In a department or unit where work style is not grasped well, the political responsibility of the leader of this department or unit must first be investigated and affixed. We must seriously investigate and deal with the party members who commit serious mistakes and party disciplinary action must be taken against those who violate the party Constitution. Those who violate the state law must be punished in accordance with the law. Those who get economic advantages must return what they have unlawfully taken. Those who refuse to mend their ways despite repeated admonitions must be dealt with most severely. Those who retaliate against people who report and furnish information must be severely investigated and dealt with once the situation is discovered.
4. It is imperative to draw a clear demarcation line between right and wrong and to seriously implement the party's policies.

5. It is necessary to strengthen leadership and to make good arrangements. The regional CPC Committee's party rectification leadership group is to be responsible for the work of correcting party style and unhealthy trends throughout the region. Organs at the regional level must set up party style correction leadership groups and set up offices in the CPC committees of organs at the regional level to handle routine work. The party groups and CPC committees of all departments and bureaus must organize work groups to grasp party style with the participation by party group secretaries, by organ CPC Committee secretaries, and by discipline inspection group heads. It is essential to really include the correction of party style and unhealthy trends on the agenda.

In conclusion, the circular demands: From now to the end of March, all units must organize party member cadres to study the speeches of leading comrades and the relevant documents of the central authorities for 2 and 1/2 days each week. Leading cadres at and above the departmental level must concentrate a period of time on study and simultaneously study, conduct discussions and investigations and make corrections in order to score achievements. It also demands: In accordance with the relevant spirit of the circular and in the light of the practical situation, all prefectural, city, and county CPC committees must make specific arrangements.

HENAN TO LIGHTEN ENTERPRISES' SOCIAL BURDEN

HK290757 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 23 Jan 86

[Text] The provincial people's government recently formulated interim regulations on lightening enterprises' social burden.

The regulations point out: Following the state's introduction of urban facilities maintenance tax, nobody is allowed to apportion any expenditure concerning the maintenance of urban facilities to enterprises. Except for voluntary social labor, nobody is allowed to apportion any project of urban construction to enterprises. Following the introduction of additional charges on education, governments and departments at all levels are prohibited from levying further educational charges on enterprises. When enterprise workers' children enter a school within the specified time, the school is prohibited from apportioning expenses to enterprises under any pretext. The enterprises should continue to actively run schools. They are prohibited from arbitrarily canceling, merging or reducing the present size of classes. In order to encourage the running of schools, the education department should allocate part of the collected additional charges on education to secondary and primary schools. No unit is allowed to levy administrative charges or to retain other charges on enterprises, nor is a unit allowed to ask enterprises to support it or donate funds or payment in kind without approval. No unit is allowed to arbitrarily levy fines on enterprises under any pretext. Except for the fines stipulated by the law and approved by the State Council and the provincial government, all localities must submit their procedures of imposing additional fines to the people's government at and above county level for approval. On the collection of fines, we must use the fine notice jointly published by the financial departments at prefectural and city levels. For fines concerning the violation of traffic regulations, we must use the fine notice jointly published by the provincial transport and public security departments. Everyone has the right of refusing the payment of a fine which is not supported by a notice. All revenue from fines is to be delivered to the financial departments for handling in accordance with relevant regulations.

Under special circumstances when it is necessary to raise funds among enterprises, we must follow the principle of voluntarism and acting according to one's capability. We must also go through the procedure of submitting the plan to upper levels for approval.

Such funds and materials collected must be handled properly in connection with the plan. Nobody is allowed to embezzle them under any pretext.

Enterprises have the right of refusing the payment of charges and fines that are not apportioned in connection with the regulations. If they encounter deliberately created pressure, difficulties or retaliation because of this, they should promptly report and complain to the party's discipline inspection departments and the government's judicial and auditing departments. These departments should accept their cases and handle them.

The regulations point out: Governments at various levels must strengthen their leadership. They should check those administrative and other charges collected from enterprises. Except for those approved by the State Council and the provincial government, all charges levied by the localities and departments without approval must be banned from being collected. Anyone who continues to arbitrarily levy charges on, or apportion expenses to, enterprises will be held accountable according to the seriousness of the case. In addition, all illegal income will be confiscated. We must take party and government disciplinary measures against those people who pay no attention to law and order but violate policies and abuse power. Also, we must affix their legal responsibilities.

HUBEI'S GUAN GUANGFU ON HONGHU NATURAL RESOURCES

HK310445 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 27 Jan 86

[Excerpts] Guan Guangfu, secretary of the provincial CPC Committee, conducted an on-the-spot investigation in Honghu. After listening to the report made by a responsible comrade of the county CPC Committee, he said: It is necessary to be determined to exploit and use the natural resources in Honghu. He said: To exploit and use the natural resources, it is essential to take the road of comprehensively raising funds, comprehensive exploitation, comprehensive harnessing, comprehensive management, and comprehensive benefit and to really build Honghu into a base for aquatic products, scientific research, and business. Due to existing long-term contradictions between the adjustment of water conservancy facilities and the breeding of aquatic products and fish and between the management system and exploitation and investment, the use rate of water surface in Honghu has been very low. Income derived from a mu of water surface is less than 22 yuan. In view of this, the Honghu County CPC Committee has put forward a plan for comprehensive harnessing of the rivers and lakes.

Comrade Guan Guangdu expressed satisfaction with this plan. He maintained that this plan is beneficial to both the adjustment and development of aquatic products. It is also advantageous to the guaranteed harvest on several 100,000 mu of low-lying fields in the lake areas irrespective of drought and floods. How do we carry out this plan? Guan Guangfu said: County authorities cannot rely on the upper level. Provincial authorities must not disregard this work, and departments concerned must not shirk their responsibility. It is necessary to mobilize positive factors in all quarters and to take all effective measures. We can set up a Honghu Aquatic Product Exploitation Company Limited, which will have full power to carry out management, exploitation, and operation. We can encourage fishermen to invest in the project and to take part in laboring work. We can encourage people inside and outside our province to invest in this project and we can also introduce foreign capital so that we can resolve the difficulties in the funds for exploiting Honghu. All levels and departments must show concern for and support the development of Honghu. We must be determined to build Honghu into a base for aquatic products, scientific research, and business, so as to promote the development and production of aquatic products in Hubei.

GUIZHOU CIRCULAR ON CENTRAL LEADERS' SPEECHES

HK271019 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 23 Jan 86

[Text] The provincial CPC Committee recently issued a circular, demanding that CPC committees and groups in all areas and units earnestly study the speeches delivered by central leading comrades at the central organ cadres meeting.

The circular pointed out that the important speeches delivered by Hu Yaobang and other central leading comrades at the central organ cadres meeting were important policy decisions and steps taken by the CPC Central Committee for further strengthening of the building of socialist spiritual civilization, and a mobilization order for bringing about a basic turn for the better in party style. Their speeches have not only inspired and encouraged comrades of central organs, but have also greatly inspired our cadres and party members in local organs. The provincial CPC Committee demanded that party and government organs at all levels earnestly study and deeply understand the spirit and essence of the speeches of the central leading comrades.

The circular stressed that provincial and prefectural party and government organs, leading groups in particular, must set an example in studying the speeches. Meanwhile, they must organize cadres and party members to spend some time on study. They must closely combine the study with earnestly studying and propagating the documents of the National Conference of Party Delegates. Party and government organs at county level must also arrange the study in light of their reality. They must have a good understanding of the main points of the study; conscientiously analyze the status quo of party style in connection with the reality in their own areas, departments, and units; examine the main problems in their own areas, departments, and units in comparison with the malpractices referred to by the central leading comrades in their important speeches; and grasp the work in four areas, namely, strengthening ideological education, perfecting the system and enforcing discipline, seriously investigating and dealing with important and major cases, and perfecting inner-party democratic life.

SICHUAN CIRCULAR ON CENTRAL LEADERS' SPEECHES

HK270550 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 22 Jan 86

[Text] Following the central organ cadres meeting held by the Secretariat of the CPC Central Committee, the CPC Committee of provincial organs issued a circular urging all party members and cadres of provincial organs to study the important speeches delivered by central leading comrades at the meeting.

The circular reads: The speeches of the central leading comrades aimed at a clear target and raised explicit demands. This shows the determination of the CPC Central Committee to straighten out party style and is of great importance in improving party style and the general social mood.

The circular demanded that all units, in accordance with the spirit of the instruction of the provincial CPC Central Committee, promptly organize party members and cadres, particularly cadres above the section level, to earnestly study the speeches of the central leading comrades and to discuss the speeches in connection with reality after reading them repeatedly. They must combine study with reviewing the work in 1985 and arranging tasks for 1986. In the study, they must particularly discuss the problem: What should provincial organs do since central organs have set an example in straightening out party style? What should every party member or cadre do in this respect? Through study, leading organs and cadres and party members must straighten out their own style first. They must raise efficiency, study hard, enforce discipline, strengthen party spirit, and seriously improve party style so that provincial organs can genuinely set a good example to the whole province in this respect.

SICHUAN MILITARY DISTRICT CORRECTS MALPRACTICES

HK271025 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 23 Jan 86

[Text] In actively responding to the call issued by the CPC Central Committee Military Commission on Army and administrative organs above army level taking the lead in correcting malpractices, the CPC Committee of the headquarters of the provincial military district has organized cadres to seriously correct their wrong ideas in connection with reality, and mobilized them to thoroughly expose all malpractices in their own departments.

The CPC Committee of the headquarters of the Sichuan Provincial Military District recently held an enlarged meeting to study relevant documents. In the course of study, they believed that there now exist three ideas disadvantageous to exposing and correcting malpractices. 1) The idea of [words indistinct]. Some people even contend that inviting others to dinner parties or sending them gifts is a requirement in their work. 2) The idea of small-group mentality. Some people believe that so long as they do not pocket money, they can use the money in any way they wish. 3) The idea of not washing one's dirty linen in public and reporting only the good news not the bad.

They started correcting malpractices by grasping people's understanding, deepened their understanding of the perniciousness of malpractices, and educated them to understand that cadres engaging in malpractices would weaken our Army and impair its image in the eyes of the people.

On the basis of deepening their understanding, all cadres of the headquarters of the provincial military district conscientiously examined their own malpractices by using the relevant documents as a mirror. The CPC Committee of the headquarters made the following decision: All sections and officers must thoroughly check all expenditures beyond the plan before the end of January and report them to higher authorities. They must investigate and handle all large sums of money assigned without authorization, to buy specially controlled commodities and lent to local units. No receptions should be given in excess of scale charges, and people should refuse receptions in excess of scale charges. No souvenirs should be issued during conferences.

SICHUAN LEADERS AT SPRING FESTIVAL GATHERING

HK260319 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 25 Jan 86

[Excerpts] The Sichuan Provincial and Chengdu City People's Governments and the Chengdu PLA units held an Army-government forum in the Chengdu Jinniu Hotel in the evening of 25 January. Leaders of the province and city and of the PLA gathered together to greet the Spring Festival.

Present at the function were Yang Rudai, Nie Ronggui, Wu Xinhai, Bai Shangwu, Huang Qichao, Xu Chuan, and Xu Shiqin, responsible comrades of the provincial CPC Committee; Wan Haifeng, Zhang Taiheng, Shao Neng, Hou Shujin, Feng Yingshan, (Zheng Xing), (Zhang Changshun), Gao Shuchun, and (Kang Huzhen), responsible comrades of the PLA units; Yang Wanxuan, Song Wenbin, Han Zhengfu, (Wang Tangbo), (Luo Min), (Li Maying), and (Li Shaoyan), responsible comrades of the provincial Advisory Commission; He Haoju, Qin Chuanhou, Ji Chunguang, Meng Dongbo, Liu Yunbo, Liu Haiquan, Zhaxi Zeren, Wang Ao, Deng Zili, and Wang Yuanli, responsible comrades of the provincial people's Congress Standing Committee; Gu Jinchi, Liu Chunfu, Luo Tongda, Kang Zhenhuang, Ma Lin, Qiao Zhimin, Ding Changhe, and Guan Xuesi, responsible comrades of the provincial government.

Chengdu Mayor Hu Maozhou presided. Governor Jiang Minkuan and Chengdu Military Region Commander Fu Quanyou made speeches.

YUNNAN LEADER ON RURAL WORK PROBLEMS, TASKS

HK260315 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 25 Jan 86

[Excerpts] The Yunnan Provincial CPC Committee convened a provincial rural work meeting on 24 January in order to convey the spirit of the national rural work conference. Provincial CPC Committee Deputy Secretary Liu Shusheng spoke at the meeting on 25 January. He conveyed the spirit of the national conference, analyzed the current new situation and problems in rural Yunnan, and proposed the tasks in rural work for this year.

Liu Shusheng spoke on the following matters: 1) on the rural situation; 2) on persevering in reform and carrying it out in depth; 3) on grain; 4) on increasing agricultural investment; 5) on the question of some peasants getting rich ahead of others, and everyone getting rich; 6) on work in poor mountain areas; 7) on strengthening the building of spiritual civilization in the rural areas; 8) on strengthening leadership.

He said: Last year, despite serious natural disasters, output of all industrial crops in Yunnan showed a big increase, although grain production declined due to natural disasters. Forestry, animal husbandry, and fisheries registered relatively fast development. There was also big development of the township enterprises. Average net rural incomes are estimated to have increased by about 50 yuan.

On the question of reform, Liu Shusheng said: Since last year Yunnan, in common with the whole country, has entered a new stage of in-depth development in rural reform, achieving victories beyond expectation. The main hallmarks of this are: Readjustment of the production structure has taken new strides; there has been an initial change in the rural single-product economy; and we have started to enter a new period of developing commodity production to meet market needs.

However, we must also clearly realize that many new situations and problems have emerged in reform. We must solve these in the course of reform. This year we must further perfect the contract system, speed up reforms in the rural circulation field, further readjust the production structure, continually perfect the family farms popularized on state farms, and speed up the pace of reform of the agricultural science and technology setup.

On the grain question, Comrade Liu Shusheng said: Yunnan is a grain-deficient province. We cannot take lightly the question of grain production. As ours is a border province with poor communications, we cannot in the long term rely on the state to ship grain into the province to enable us to live and to readjust the production structure. All levels from top to bottom must, therefore, firmly embrace the idea of grain self-sufficiency, and also unswervingly implement the principle of developing diversified undertakings without any slackening of grain production.

The provincial CPC Committee has decided to reduce the contract grain procurement quota this year and to keep this unchanged for 5 years, and to increase the proportion of grain bought at negotiated prices, so as to increase the income of the grain-growing peasants. In areas where the commodity economy is relatively developed and income from industry and sideline occupations is relatively high, it is essential to stabilize grain production and practice the policy of having industry subsidize agriculture and grain, so that the interests of those engaged in industry and those engaged in agriculture can be regulated. We should continue to implement the favored treatment policies practiced in the past in areas producing marketable grain. Grain-growing areas are allowed to freely sell grain at negotiated prices to grain-deficient areas, so as to increase the peasants' income.

No contract purchases will be instituted in a few poor mountain areas. The peasants there can voluntarily sell their grain at negotiated prices, but they cannot go back to the old road of destroying forests to reclaim land for grain cultivation.

On the question of increasing investment in agriculture and improving the basic material conditions for agriculture, Comrade Liu Shusheng said: To take agriculture as the foundation is the guiding idea and fundamental guideline for China's socialist economic construction. However, in recent years, the province's investment in agriculture has been reduced somewhat, and we have neglected the agricultural contraction that might result. The provincial authorities are resolved to increase investment in agriculture, and all localities should do the same. The investment is mainly to be used in water conservancy construction and in popularizing agricultural science and technology, and so on, so as to improve the conditions for agricultural production and turn science and technology into productive forces, to create the conditions for sustained and steady development of agriculture and for the maintenance of reserve strength.

On the question of helping poor areas to extricate themselves from poverty and get rich, Comrade Liu Shusheng said: At present there are still some areas in Yunnan that are in a state of poverty. In those areas, the food and clothing problem for several million people has still not been solved. The common feature of these areas is poor production and living conditions and a very low level of peasant incomes and grain rations. To help these areas transform their appearance as soon as possible, we must solve the following problems:

1. Further unify understanding, get a clear picture of the guiding ideas, strengthen work in the poor areas, and help the peasants there to extricate themselves from poverty and get rich as soon as possible. This is a strategic issue related to sustained and steady development of rural economy, to nationality solidarity, to social stability, to consolidating the border regions, and to accomplishing doubling in agriculture. The whole party and all levels must work together to solve the problems of these areas, with all departments cooperating closely.
2. In guiding the work, we must act in light of local conditions and seek truth from facts. We must avoid treating all cases in the same way irrespective of the circumstances and acting in generalized ways.
3. We must further relax the economic policies.
4. We must attach importance to building spiritual civilization, and speed up the development of culture, public health, and education.
5. We must tangibly lighten the peasants' burdens.

GANSU LETTER ON STOPPING SPREADING MALPRACTICE

HK241029 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 19 Jan 86

[Text] Recently, (Li Jicheng), a correspondent of this station, wrote a letter, disclosing that the malpractice of some motor vehicle drivers at the Huajialing Road section in exchanging gasoline for eggs has become more and more serious.

The letter says: In the past this unlawful dealing was engaged in at the Huajialing Road section. Now it has spread to the bottom of the big (Zhujia) Shan near the Jingning County seat. At the short section of road at the big (Zhujia) Shan, the number of stalls and places where gasoline is exchanged for eggs is 40 to 50.

The letter says: One of the main reasons for this phenomenon is that some units which have motor vehicles have unlimited gas. The amount of goods transported and distance driven are merely based on drivers' reports. This has encouraged this malpractice which does harm to the state and which lines one's pockets with public funds.

The letter appeals to the units which have motor vehicles to strengthen education for drivers and control over the quantity of fuel. They must strictly enforce the regulations on public fuel, implement the system of personal responsibility, and plug all the loopholes. At the same time, it is hoped that the attention of departments concerned will be drawn to this and that they will take resolute measures to investigate seriously and deal with this unlawful dealing.

YIN KESHENG INSPECTS QINGHAI SPORTS FACILITY

HK210433 Xining Qinghai Provincial Service in Mandarin 2330 GMT 16 Jan 86

[Excerpts] On 10 January, comrades including Yin Kesheng, secretary of the provincial CPC Committee, and Bian Yaowu, vice governor, inspected the Duoba Sports Complex. During the course of inspection, comrades, including Yin Kesheng, watched a women's football game, archery, judo, weight-lifting, cycling, and a women's volleyball game. They also visited the players' dormitory, bathrooms, canteen, and vegetable greenhouse to understand the conditions.

Comrade Yin Kesheng said that after watching the players training he felt that the comrades had been working very hard. However, in order to score good achievements and to credit to our country, it is necessary to carry out strict training and set strict demands on trainees. Leaders must do well in serving the players.

In dealing with logistics work, Comrade Yin Kesheng said that in the management of players' livelihood, it is essential to strengthen catering work and to prepare meals in accordance with nutritional requirements.

SHAANXI SECRETARY ANSWERS PARTY MEMBER'S LETTER

HK160851 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 13 Jan 86

[Text] On New Year's Eve, Bai Jinian, secretary of the Shaanxi Provincial CPC committee replied to (Qin Xiaoping), an ordinary party member at (Liujiazhuo) Village, (Beijintou) township, Baishui County, praising his noble spirit in caring for the party's cause.

Comrade (Qin Xiaoping) has been afflicted with a lingering disease for years. Last year when he heard on the radio that the provincial CPC Committee was going to select and transfer cadres to stay at rural grass-roots units to help improve their work and gain firsthand experiences for guiding overall work, he wrote a letter to provincial CPC Committee Secretary Bai Jinian on 6 November because of the problems which existed several years ago when cadres went to rural grass-roots units.

In the letter he sincerely put forth suggestions and raised proposals. He put forth six suggestions in the letter.

1. It is necessary to assign tasks to cadres going to grass-roots rural units. Those who overfulfill their tasks should be praised and those who fail to fulfill their tasks should be punished. He believes that if the cadres are under no pressure and work flashily, they will not make a good impression on the masses and will treat work for the masses as a burden. He suggested that cadres going to grass-roots rural units should help peasant households develop production.
2. Cadres should not be allowed to hold concurrent posts at various levels. Because if they do so, it will be difficult for them to go to grass-roots rural units; and if they go to rural areas, they will just make rapid visits and give empty talks, which are of no avail.
3. Cadres should not be asked to attend too many meetings. The cadres need not attend every meeting so as to avoid spending time at conference tables and traveling.
4. When staying in rural areas, the cadres should not treat grass-roots cadres as their guides, but must themselves select villages and households to carry out their work. They should not simply follow grass-roots cadres in everything. If so, they will heed only one side and be at a loss.
5. They must spend a lot of their time in remote and poor villages and in households with difficulties so as to help them get rich and to let them genuinely feel the party's care. They must know the truth that a mouthful of food in difficult times is more useful than several hundred jin of food in good times.
6. It is necessary to prevent the tendency of people craving for greatness and success and of proneness to boasting and exaggeration. Those cadres who seek the advanced everywhere and only like working in villages and households which are advanced in building material and spiritual civilizations are incompetent. They will be detested by the masses.

As soon as Bai Jinian received (Qin Xiaoping's) letter, he suggested that the letter be published in SHAANXI TONGXUN and be reprinted and distributed to the comrades of the work teams at provincial, prefectural, and country levels.

On 18 December Bai Jinian personally wrote a reply to (Qin Xiaoping) warmly praising his noble spirit in caring for the party's cause and urging all party members and cadres in the province to learn from Comrade (Qin Xiaoping) and to always bear the party's cause in mind.

SHAANXI REPORTS ACHIEVEMENTS IN BIRTH CONTROL

HK210125 Xian SHAANXI RIBAO in Chinese 5 Jan 86 p 3

[Report by provincial Statistics Bureau: "Shaanxi Has Scored Great Achievements in Planned Parenthood"]

[Text] The data of a fertility survey prove that since the founding of the PRC, in our province, the marriage rate has been high and the divorce rate has been low, the marriage relations have been stable, the age of women at marriage has risen, the age of women at giving birth to their first child has also risen, the number of children per woman has been reduced year by year, the infant mortality rate has been lowered, knowledge and measures about contraception have been popularized, and the state's policy to encourage a couple to have only one child has had a wide and very successful response.

This survey was carried out by the State Statistical Bureau in our province with the approval of the State Council. According to the survey, 4,084 married women under the age of 50 were selected and investigated using a questionnaire consisting of over 200 questions concerning their marriage, child-birth, pregnancies, and breast-feeding histories, and understanding and application of contraceptive methods. Quite a few of these questions had never been surveyed in our country before.

Marriage relations are steady and the marriage age of women at child-bearing age has to some extent risen. The survey shows that most of the women in our province marry before 35. Only 0.3 percent of women above the age of 35 have not yet married. Marriage relations are stable and the major reason for separation among married couples is death. At present, the rate of divorce and separation is only 0.3 percent. Over the past 30 years, there has been a substantial reduction in the rate of early marriage in our province and a sharp reduction in the proportion of women who get married before 20. Among the women born from 1936-1945, the rate of early marriage is 79.7 percent; among those born from 1951-1955, it dropped to 47.6 percent; and among those born from 1961-1965, it was only 19.3 percent. Among the five age groups from 25-49, the age at marriage varies inversely from 17.9, through 18.3, 19, 20.3, and 22.3. This fully reflects the fact that the state's education to encourage later marriages has already scored achievements in our province.

The number of children per woman has fallen year by year, and the state's policy to encourage only one child per couple has received wide response. Among the married women surveyed, the average number of children is 2.8. Viewed in age groups, the peak period of childbirth for the women from 45-49 years old was the early 1960's and the average number of children for each of them is 4.94. The peak period of childbirth for the women from 40-44 years old was the late 1960's and the average number of children is 4.3, 13 percent lower than that of the preceding group. The data also shows that the women's age at having their first child has also risen and the phenomena of giving birth to children too early has been substantially reduced. Of the women who reached child-bearing age in the 1950's, 43.8 percent gave birth to their first child before reaching 20 years of age and 67.6 percent did so before 22. However, of the women who reached child-bearing age in the 1980's, only 7.6 percent gave birth to their first child before reaching 20 years of age, and only 23.3 percent did so before 22. Over the past 10 years, the average child-bearing age has to some extent fallen and the period between the wedding and giving birth to the first child has also been shortened. The standardized average age for giving birth to the first child in 1984 was 26.

Knowledge about and measures for contraception have been popularized. Judging by the survey data, contraceptive knowledge has been widely popularized among women. On average, a married woman knows 5.2 kinds of contraceptive methods, and 69 percent of married women (with their spouses still alive) have adopted contraceptive methods.

Planned parenthood is a great strategic policy in our country. We should steadfastly implement it. What we should pay attention to is that there is still a certain proportion of early marriages in our provinces, and that the proportion of women giving birth to more than one child is still fairly big though we have reduced [as published] the age of first marriages and the age of giving birth to the first child. Therefore, an urgent task now is to intensify our work of propaganda and education related to planned parenthood, improving our medical and sanitary facilities, and raise the quality of the services related to planned parenthood.

INDIRECT TAIWAN TRADE WITH PRC INCREASES

HK310501 Beijing ZHONGGUO XINWEN SHE in Chinese 1324 GMT 28 Jan 86

[Text] Hong Kong, 28 Jan (ZHONGGUO XINWEN SHE) -- The Hong Kong Government recently released statistics by the Hong Kong Chamber of Commerce revealing that Taiwanese goods sold to the mainland via Hong Kong in the first three quarters of last year shows a 200 percent increase over the same period in the previous year. The statistics also indicate that last year the mainland became the main market for re-exported Taiwanese goods.

The statistics also show that that mainland is not only the biggest supplier of goods transhipped by Hong Kong to other parts of the world, but also the biggest buyer of goods re-exported by Hong Kong. In the first three quarters of last year, the total value of Chinese goods re-exported via Hong Kong amounted to 48.97 billion yuan or more, constituting more than half of Hong Kong's total re-export trade. Transshipments by Hong Kong to the mainland included goods from the United States, Japan, Taiwan, South Korea, and the FRG.

XI ZHONGXUN AT 'TAIWAN COMPATRIOTS' PARTY

OW300149 Beijing XINHUA Domestic Service in Chinese 1538 GMT 29 Jan 86

[By reporter Fan Liqing]

[Excerpt] Beijing, 29 Jan (XINHUA) -- The traditional Chinese New Year is approaching. Many people on both sides of the Taiwan Strait have long looked forward to family reunions with eager expectation at the end of every year. The Taiwan Democratic Self-Government League, the All-China Federation of Taiwan Compatriots, the Central People's Broadcasting Station, and the Central Television Station particularly invited more than 500 Taiwan Compatriots, relatives of people who are now in Taiwan, as well as people from various circles in the capital to a song and dance get-together at the Beijing Hotel this evening. Xi Zhongxun, member of the CPC Central Committee Political Bureau, and Peng Chong, vice chairman of the NPC Standing Committee, joined the Taiwan compatriots in celebrating the festival with jubilation.

On behalf of the Taiwan compatriots on the mainland, in Liyun, president of the All-China federation of Taiwan Compatriots, extended new year greetings to their relatives and fellow townsmen in Taiwan and abroad. In her brief speech at the party, she said: "We are elated at the tremendous achievements made by the 1 billion people on the mainland of the motherland and at their bright future; likewise, we are also delighted at the contributions made by the 19 million compatriots on Taiwan to the progress and prosperity of the island. I hope from the bottom of my heart that the people on both sides of the Taiwan Strait will advance together in revitalizing China and making the country, including Taiwan, more prosperous and that the Taiwan problem will be solved at an early date according to the concept of 'one country, two systems.'"

JOURNAL INTERVIEWS SHENZHEN'S ZOU ERKANG

HK290623 Hong Kong KUANG CHIAO CHING in Chinese No 160, 16 Jan 86 pp 10-11

[Report "Zou Erkang, Chief Spokesman of the Shenzhen City Government, Answers Questions From KUANG CHIAO CHING Reporter"]

[Text] After completing an interview with Shenzhen Mayor Li Hao, this reporter interviewed Mr Zou Erkang, responsible person and chief press spokesman of Shenzhen City, on some questions in which overseas readers are interested, including: progress of the new currency for the special economic zones [SEZ]; the use of the management line (the second line) for special zones; tightening up of credits; the prospects for oil wells in the South China Sea; the excessive scale of capital construction in Shenzhen; and so on.

How to Solve the Problem of the Excessive Scale of Capital Construction in Shenzhen?

Shenzhen has drawn a lesson from its excessive scale of capital construction. With regard to this issue, Zou Erkang said: The working conference of the SEZ brought up this question. As far as Shenzhen was concerned, at that time it was trying its best to develop more areas in order to create a better investment environment. Proceeding from such a point of view, the 30 square kilometers limit for construction, as stipulated in the original plan, was actually expanded to 48 square kilometers. The investment amount of about 6 billion yuan was larger than originally planned. Before the first half of 1985, because the state had not tightened up the money market, we did not discover the seriousness of the problem. The state supported banks to provide loans to us, so we continued to expand our capital construction. Later, when the state tightened up the money market, the banks continuously reduced their loans to us. We lacked funds for continuing capital construction. At that time, we realized the seriousness of the problem. Now, we have paid attention to correcting these defects. We should ensure the completion of those projects that are absolutely necessary, and projects aimed at expanding production. As for those projects which are not absolutely needed, we will put them off for a while.

Why Is Shenzhen so Slow in Using the SEZ Management line?

With regard to the new situation of the management line in the Shenzhen SEZ, Zou Erkang said: The management line project has been basically completed. Why have we not yet officially started using this 80-kilometer management line valued at more than 100 million yuan? There are two factors which should be taken into consideration. 1) After the completion of the line, we assigned frontier guards and customs officers to work in the departments along the line. They need some practice. They have now been undergoing training for 1 year, and are officially qualified to take charge of the management work. 2) Winding up work of certain projects has not yet been completed, including communications lighting, and so on. What is more important is that we have not yet decided when we will implement the measures aimed at tax exemption and reduction. Zou Erkang believes that after using the "second line," the policy for giving preferential treatment to the SEZ will be maintained and normal economic contacts will not be affected. There is no need for us to worry about all this. So-called economic segregation can be avoided.

With regard to the problem of the SEZ currency, Zou Erkang stressed: Gu Mu raised this issue. It is a complicated matter to issue the SEZ currency. It should be carefully considered. Zou believes that it is not a matter of whether the SEZ should issue their currency. Since the SEZ's export-oriented economic policy is different from that of the interior, a relevant financial and currency system is needed. He revealed that this matter has been discussed with the central departments.

The problem of the SEZ currency should be solved whether in the coastal regions or other special regions. Otherwise, the task of the SEZ cannot be accomplished.

We Are Not Afraid of Speculation in the SEZ Currency

When the SEZ issues currency, people might engage in speculation in the currency. Zou Erkang said: Administrative management means should be strengthened in this regard. However, he believes that if some people are engaged in speculation in SEZ currency it will be beneficial to the Shenzhen government. Speculation will increase people's savings deposits in SEZ currency. People may use SEZ currency in exchange for U.S. or Hong Kong dollars according to the amount of the SEZ currency they possess. Renminbi cannot be converted into SEZ currency. Only foreign exchange can be converted into SEZ currency.

In a word, the problem of currency is complicated and important. The Shenzhen SEZ has been established for over 5 years. It is obvious that this problem should be solved. One of the following measures can be taken in this respect: 1) The status quo is preserved and the circulation of Hong Kong dollars is expanded; 2) use renminbi to replace Hong Kong dollars to stifle the economy; 3) issue a kind of convertible currency to replace the circulation of Hong Kong dollars and renminbi. There is no other solution except the three measures mentioned above.

On a Foreign Exchange Regulating Center

This reporter also asked about the tentative idea of establishing a foreign exchange regulating center and the current situation regarding this.

Zou Erkang said: This is an expedient measure taken in light of the actual conditions in the SEZ. According to foreign exchange administrative law those units which are connected with foreign exchange should settle their accounts with the Bank of China, and convert their foreign exchange into renminbi. However those units which need foreign exchange cannot buy foreign exchange from the Bank of China. Therefore those units which do or do not have foreign exchange have found themselves equally beset with difficulties. Exchanging foreign exchange among individuals is against the foreign exchange administrative law. So a method has been devised to deal with the situation -- the establishment of a foreign exchange regulating center. This center only handles the affairs of state-operated enterprises. It is responsible for solving the problem of surplus and lack of foreign exchange in various enterprises.

At present, this center's business is small. Generally speaking, the number of those who want to buy exceeds those who want to sell.

How Many Hong Kong Dollars Are Circulating in Shenzhen?

This reporter asked: How many Hong Kong dollars are circulating in Shenzhen? Zou Erkang revealed that according to the estimation made in 1984 the amount of Hong Kong dollars circulating in Shenzhen did not exceed HK\$300 million. This included Hong Kong dollars possessed by shops, hotels and residents, but did not include those held by production and financial units. These units possess fairly large amounts of Hong Kong dollars.

This reporter asked: Why is the Overseas Chinese city [hua qiao cheng 5478 0294 1004] to be established in Shenzhen rather than in other native Overseas Chinese places (such as Siyi, Fujian and other places)?

Zou Erkang answered: We must consider the geographic superiority of Shenzhen. Although Taishan, Kaiping and Fujian are native Overseas Chinese places, they can only attract Overseas Chinese from those areas. However, Shenzhen can attract Overseas Chinese from the whole world.

In the meantime, it is convenient to travel to and from Shenzhen. The establishment of the Overseas Chinese city has attracted the attention of Overseas Chinese all over the world. This is mainly due to the geographic position of Shenzhen, bordering Hong Kong.

This reporter asked: Will Shenzhen enact a basic law similar to that of Hong Kong?

Zou said: We have enacted regulations concerning special economic zones in Guangdong Province. This is a law concerning the SEZ. Other separate laws and regulations have been promulgated. We have officially reported and submitted a company law to the higher authorities. Zou did not think that Shenzhen would enact a basic law similar to that of Hong Kong. If necessary, a law on the PRC's special economic zones will be enacted, which covers the regulations of the four special economic zones.

A few days before the establishment of the electronics group company, Zou Erkang said: The establishment of the company has demonstrated that Shenzhen has entered a new stage in promoting its contacts with foreign companies, and other provinces and cities at home, and developing its export-oriented industry. In the past, the development of the electronics industry in Shenzhen lacked coordination. The central Electronics Industry Ministry established its own factories. Other provinces also had their own factories. Shenzhen had its own factories. Some factories were run by foreign capital. These factories were not organized, and their products were duplicated and some of the products were outdated. Now, an electronics group company has been set up. The central electronics industry is taking a lead in supporting and developing the electronics industry in light of the needs of the international market. In the future, Shenzhen may also provide electronic devices for Hong Kong, and our prices will be lower than those of Japan and the United States. We will also become a supply base for electronic software for Hong Kong. Through Hong Kong, we will be able to open up the international market. Strengthening our links with Hong Kong's electronics industry is an important part of promoting economic relations between Hong Kong and Shenzhen. In the future, our main purpose will not be to develop assembly-only lines. We will devote our main efforts to producing high-quality components, which will be competitive in the international market. China has an abundant labor force. Our wages and management costs are low. If we cooperate with Hong Kong electronics industry, we will be able to compete with Japan and South Korea.

What Are the Prospects for the Oil Wells in the South China Sea?

This reporter asked: We hear that the prospects for the exploitation of the oil wells in the South China Sea are not so good. Is that true?

Zou Erkang revealed: The problem does not lie in the oil itself. The prospects for the oil and gas wells are very good. However, since the price of oil is dropping in the international market, foreign companies, which have submitted tenders, are slowing down the pace of developing the oil wells.

This reporter asked: The state is now tightening up its credits. How does Shenzhen solve this difficult problem?

Zou Erkang: We completely favor the state action to tighten up credits in order to straighten out the economy. As far as Shenzhen is concerned, although the state is tightening up its credits, it gives us special preferential treatment. For example, restrictions on us have been relaxed in some regards. However, the state has demanded that the scale of our capital construction be restricted to the level of the funds we have raised. In a word, a principle has been set. Certain support will be given to the SEZ, but specific figures have not yet been decided. Our demands will not be satisfied completely. Specific decisions will be made by the state at the meetings concerned.

Structural Reform and the Problem of Management

Lastly, this reporter asked: The recent meeting on the SEZ particularly stressed structural reform and the problem of strengthening management. What is the tentative new plan for Shenzhen in this regard?

Zou Erkang answered: The state hopes that Shenzhen will take a lead in reform. A few years ago, we did some work but, later, we failed to firmly grasp the work. The meeting pointed out our defects. In the future, in accordance with the characteristics of developing a export-oriented and commodity economy set by the state, we will vigorously reform our economic management system and various economic policies. It is necessary to further study the plans for reform.

TICKET SCALPERS REPORTED RAMPANT IN SHANGHAI

HK240909 Hong Kong WEN WEI PO in Chinese 24 Jan 86 p 7

["Special Feature" by "special" correspondent Yao Hsin-pao: "Rampant Scalping Activities in Shanghai"]

[Text] Scalping has worsened in Shanghai in the past 2 years. The number of scalpers is amazingly large and their methods are amazing tricky. Authoritative statistics show that in 1984, individuals were found scalping steamer tickets on 424 occasions, but in 1985 it rose to 3,318 occasions, accounting for two-thirds of the total number of such cases in the whole country. The reason the "ticket scalping" business has attracted so many people is, after all, its profitability. Generally speaking, a scalper sells a steamer ticket for 200-300 or even 400-500 percent more than its original price. For example, a fifth class Shanghai-Wenzhou ticket is sold originally for 4-5 yuan, but it is resold by a scalper for about 20 yuan. Among the large number of scalpers, there are not only individuals, but also gangs with great pull and also bosses who monopolize scalping in certain areas. There was a scalping boss named Fang Delin who, with his wife, rented a cottage in the suburbs of Shanghai and employed people to work for them. At the peak of his business, he employed more than 60 scalpers and shared the profits with them. In 1985 alone, Fang and his wife earned several thousand yuan. After they were arrested, they confessed to public security workers that they planned to earn more than 5,000 yuan in 1986 and to better this by 1,200 yuan and thus achieve even greater victory.

As for scalping gangs, they are mostly people who come from the same area. The Jiangsu and Zhejiang gangs are most influential among the gangs doing a brisk business at the passenger transport terminal of Shanghai port. They control 88 percent of the scalpers there, most of whom are laborers working on public projects. The Jiangsu, Zhejiang, Anshan, and Shanghai gangs are big gangs there. Scalpers have already moved their business from passenger docks to many other places, including ordinary hotels, bus stops, public toilets, and peasant houses in the suburbs. As scalping becomes increasingly rampant, there are so many forged tickets and expired tickets with changed dates that it is difficult to tell a genuine ticket from a forged one. The objective cause for the rampant scalping is the shortage of tickets for all the 22 shipping lines at Shanghai port. However, scalpers can control the sources of tickets by employing large numbers of idle laborers to line up overnight to buy large numbers of tickets and by purchasing the surplus tickets booked by units. As a result, those who travel on business and for whom "time is money," have to accept their bad luck by buying from scalpers at high prices. The relevant departments have paid a lot of attention to serious scalping activities. In the 2 months since last November, over 600 scalpers have been arrested. Heavy economic punishment has been imposed on them. Recently, there has been an obvious reduction in scalping activities.

END OF

FICHE

DATE FILMED

3 February 1986 

